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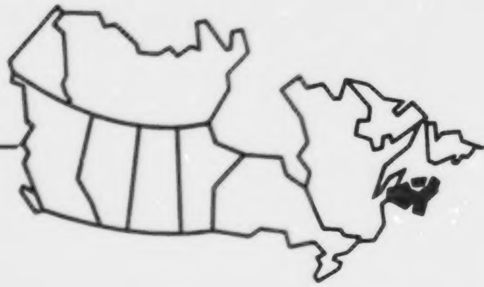
Woodlot owner organizations in eastern Canada: Historic development, legislation, structure, financing and services

D.S. Curtis



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Contractor's Final Report
CFS Service Contract T008-6

Woodlot owner organizations in eastern Canada: historic development, legislation, structure, financing and services

by

David S. Curtis

Information Report M-X-162

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ABSTRACT

A descriptive analysis of woodlot-owner organizations in eastern Canada was carried out through a literature review and personal interviews with forestry specialists in Nova Scotia, Prince Edward Island , New Brunswick, Quebec, and Ontario.

Woodlot-owner organizations examined include associations, cooperatives, corporations, group ventures, marketing boards, and federations. For each type of organization in each province, the historical background, legislative basis, objectives, structure and operations, methods of financing, and services provided are reviewed. The present private woodlot situation, the relationships between the organizations and some issues of concern are also discussed.

These organizations have been formed primarily to improve woodlot owners capabilities to market their forest products and to facilitate the execution of forest management activities by grouping and sharing their resources. Almost inexistent in Prince Edward Island and Ontario, active group ventures and cooperatives are operating in Quebec, New Brunswick, and Nova Scotia. Their primary purpose is the delivery of publicly-funded forest management services to their members.

Woodlot-owner organizations are faced with numerous problems, the most serious being the absence of sufficient markets for forest products from woodlots, lack of owner participation, low economic viability without government financial support, and lack of coordination between marketing and forest management activities.

The existence of woodlot-owner organizations is valuable not only to the owners themselves but also to governments and the forest industry; they provide various marketing and forestry services to woodlot owners; they hold the potential to inform and educate the people they represent; they provide a mechanism which enables governments and industry to deal with one organization rather than with several thousand individual woodlot owners; and they increase the availability of woodlot resources for forest management and harvesting. Strong and independent woodlot-owner organizations are important to the future development of woodlot resources.

RESUME

Une description et analyse des orgnisations de propriétaires de boisés privés de l'est du Canada a été réalisée par une revue de littérature et une série d'interviews avec des spécialistes forestiers de la Nouvelle-Écosse, de l'Ile-du-Prince-Edouard, du Nouveau-Brunswick, du Québec et de l'Ontario.

Les différentes formes d'organisations examinées comprennent les coopératives, associations, groupements, offices de commercialisation et fédérations. Pour chaque type d'organisation dans chacune des provinces, l'historique, les fondements législatifs, les structures, méthodes de financement et d'opération et les services offerts sont présentés. Les rapports entre organisations et les principaux problèmes et questions litigieuses sont également discutés.

Ces organisations ont principalement été créées pour améliorer la mise en marché des produits forestiers des boisés privés et faciliter l'éxécution de travaux d'aménagement par le regroupement des ressources disponibles. Presque inexistante à l'Ile-du-Prince-Edouard et en Ontario, la commercialisation des produits forestiers des boisés privés est organisée à différents degrés au Québec, au Nouveau-Brunswick et en Nouvelle-Écosse. Dans ces trois dernières provinces des coopératives et groupements forestiers opèrent également de façon active. Une de leurs fonctions majeures est de participer à la mise en oeuvre de programmes forestiers publics sur les terres de leurs membres.

Les problèmes auxquels font face les organisations de propriétaires inclus principalement; l'absence de marchés suffisants pour écouler leurs produits forestiers, l'indifférence des propriétaires, une trop grande dépendance financière vis-à-vis les gouvernements et un manque de coordination entre la commercialisation et les activités d'aménagement forestiers.

La présence d'organisations de propriétaires est importante pour les gouvernements, l'industrie forestière et pour les propriétaires eux-mêmes; ils assurent des services forestiers et de mise en marché; représentant des milliers de propriétaires, ils réduisent le nombre d'interlocuteurs auxquels font face gouvernements et industries; ils jouent le rôle d'agents d'information et d'éducation auprès de leurs membres, et ils ont le potential pour accroître sensiblement le niveau d'aménagement et de production forestière. Des organisations dynamiques et indépendantes de propriétaires de boisés privés sont nécessaires au développement optimum de cette ressource forestière.

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Special thanks to François Julien for his assistance with language and interpretation on the Quebec trip.

STUDY BACKGROUND

Less than 10% of the forested land in Canada is privately owned, most of it located in eastern Canada. In southern Ontario, Quebec and the Maritimes, most of the private forest land is owned by private nonindustrial forest landowners (woodlot owners). Over 80% of woodlot owners live in eastern Canada, numbering about 400,000 in Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward Island. The percentage of total provincial forest land in the form of woodlots ranges from less than 10% in Ontario to about 90% in Prince Edward Island with woodlots having a strong impact on provincial economies.

Woodlots are generally situated near inhabited areas, and are therefore near roads and the labour force. Since they are also generally situated on more fertile soil, woodlots are among the most productive and accessible of forest lands, making them an attractive and valuable source of wood supply. Also for these reasons, woodlots supply a larger proportion of wood supply than the proportion they represent of the total forest land area. In Quebec, for example, the 10% of forested land that is privately owned produces up to 25% of the provincial wood supply. Woodlots are also sources of wood fuel, Christmas trees and maple syrup, and contribute to rural employment, stability and aesthetics.

All regions of Canada are predicting wood supply shortages and in those provinces where woodlots comprise a significant portion of the total forest area, wood from this source is a critical part of any wood supply equation. Increasing attention is being paid, therefore, to problems associated with managing the woodlot resource, while retaining such values as freedom of ownership and property rights of individual landowners. Problems associated with large numbers of owners and fragmented small holdings are numerous, and information on both owners and woodlots is incomplete.

Woodlot owners in many provinces have organized into various types of organizations with differing supporting legislation, organizational structures, objectives, financing and services. These organizations in many cases play an important role in marketing wood from woodlots and in managing the woodlot resource. Some provinces where woodlot owners are organized are re-examining these structures in an attempt to understand how they operate and perhaps expand their role to help meet wood supply and forest management challenges. Alternatives, particulary with respect to delivery of publicly-funded forest management services to woodlot owners through private or quasi-private organizations, are being explored in most provinces. In those provinces where there is little or no organization of woodlot owners, options are being examined for establishing organizations or structures to deliver services to woodlot owners. There is, therefore, a need to analyze and compare woodlot owner organizations and the services they provide in order to facilitate a better understanding of what currently exists, and what alternatives are available.

STUDY OBJECTIVES AND SCOPE

The study initially had two objectives: to identify and analyze woodlot owner organizations in eastern Canada; and to evaluate alternatives with respect to effectiveness in meeting landowner and governmental objectives. However, since only thirteen weeks were available for the study and writing the report, attention was focused on a descriptive analysis of the woodlot owner organizations themselves.

The study examines woodlot owner organizations in Ontario, Quebec, New Brunswick, Nova Scotia and Prince Edward Island, and concludes with a brief analysis of issues raised, with some comparisons made between the provinces. Christmas tree and maple syrup oganizations are not included in the study, which is concerned mainly with groups involved in marketing wood from woodlots and delivery or promotion of forest management on woodlots.

CONDUCT OF THE STUDY

The first few weeks were spent collecting and reviewing literature, and arranging interviews. Travel and interviews in the five provinces took about five weeks commencing with Prince Edward Island and followed by Ontario, Quebec, Nova Scotia and New Brunswick. The remaining five weeks were spent preparing an outline, sorting data from interviews and research, making follow-up telephone calls and writing the report.

Interviews were conducted on an informal and unstructured basis. Due to limited time, no attempt was made to contact each individual organization or each person who could have made a valuable contribution or who had knowledge or experience with the subject. Rather, an attempt was made to contact a sufficient number of people and organizations to enable the author to gain an understanding of the situation that exists in each province. It is hoped there are not too many significant oversights.

STRUCTURE OF THE REPORT

The provinces are presented in decreasing order of the degree to which woodlot owners are organized beginning with Quebec and followed by New Brunswick, Nova Scotia, Prince Edward Island and Ontario.

Writing style is narrative, chosen to permit the presentation of the greatest amount of information in the time available. Some of the material may benefit from reorganization or different forms of presentation. Many issues are raised, but not expanded upon, simply to indicate their presence.

For each province there is an introduction, an historical overview, and a description of the woodlot owner organizations existing in that province. There is also a discussion of the present situation, the relationships between the organizations and some issues of concern. For each type of organization in each province, there is a discussion of its legislative basis, objectives, structure and operation, method of financing, and services provided. The marketing legislation in Nova Scotia is discussed under a separate heading within the Nova Scotia section, since it does not apply to any one type of organization.

Since much of the information was given to the author in confidence, and owing to the sensitivity of much of the subject matter, sources are rarely indicated for material in the text. However, a list of people interviewed is attached. The author takes full responsibility for factual accuracy, and interpretation of issues.

FORMS OF WOODLOT OWNER ORGANIZATIONS

Woodlot owner organizations in Eastern Canada include associations, cooperatives, corporations, group ventures, marketing boards, and federations.

Associations

Associations are generally unincorporated societies of people who have joined together for a common object; in this case that of promoting forest management, or the education and dissemination of information to its members. Some provinces have a Societies Act or equivalent, under which associations may register. In Nova Scotia, associations may become certified bargaining agents for the sale of privately produced wood.

Cooperatives

A cooperative (co-op) is the substitution of collective action for individual action, and which woodlot owners and producers form for the purpose of marketing wood. Each province has a Cooperative Associations Act or equivalent, under which co-ops may incorporate. Co-ops operate similar to a company: they are profit-oriented and assemble capital funds by selling shares. However, they differ from a company in that one member has only one vote regardless of the number of shares owned, and profits are paid to the members in proportion to their sales to the co-op. The co-op is a voluntary organization with no obligation for members to market wood through it, although its ultimate success depends on the degree of support of its members. There is also no obligation for wood processors to negotiate with or purchase wood from a co-op.

Corporations

A group or association may incorporate as a non-profit or a profit-oriented company under the Companies Act in a province, depending on its objectives and activities. The major advantages of doing so are the aspect of limited liability of the company's members and possible tax advantages.

Group Ventures

Group ventures are organizations in which woodlot owners have grouped their properties to help overcome diseconomies of scale and fragmentation of ownership. Their primary purpose is the delivery of publicly-funded forest management services to their members, but they are also or profit-oriented companies. In Quebec they may be called: groupements forestiers, sociétés d'aménagement, sociétés sylvicoles, or organisations de gestion en commun (O.G.C.'s). In New Brunswick they are called groupements forestiers, and in Nova Scotia, group ventures. For ease of reference throughout this report, these groups are all termed "group ventures."

Marketing Boards

In each of the five provinces under consideration there is a Farm Products Marketing Act or equivalent, in which definitions of farm products in every case include forest products. Woodlot owners and producers of Quebec and New Brunswick have used these acts as the enabling legislation to form Regional Marketing Boards with jurisdiction over the marketing of wood from woodlots. Marketing Boards are formed after a vote amongst the woodlot owners and producers, and once established, have jurisdiction over all wood produced from woodlots in their areas. Most importantly, the Boards have powers to negotiate with wood processors. If agreements are not reached or if a processor refuses to deal with the Marketing Board, the Board may appeal to a government-appointed supervisory agency and may have access to procedures of conciliation and arbitration thereby insuring agreements will be reached. Marketing Boards may act as bargaining agents, sales agents, or both, and may or may not have exclusive rights to market the product being regulated.

Federations

Regional woodlot owner organizations with similar objectives within a province may group together into a federation. Its main activities are lobbying on behalf of its member organizations, and coordinating their various activities. A federation enables organizations to speak with one voice and exert more influence than could be done individually; it is a form of collective action applied to organizations rather than individuals. The Wood Marketing Boards in Quebec and New Brunswick have formed federations, and there exists two federation-type organizations in Nova Scotia which group regional associations.

QUEBEC

INTRODUCTION

The forests of Quebec constitute about one-fifth of the productive forest area of Canada. The industry in Quebec relying on this forest is made up of 56 pulp and paper mills, almost 1200 sawmills and numerous other small forest-based mills or industries. Woodlots comprise about 11% of the accessible productive woodland area and are concentrated in the southern part of the province along the St. Lawrence River. In these regions, the percentage of forest area owned by woodlot owners averages around 35%, but reaches as high as 95% in the eastern townships (Estrie) region. The relative importance of the woodlot sector increases when one considers that the most productive forests are located in the southern part of Quebec, and that woodlots comprise fully 29% of the area of the "primary development zone."[1]

One result of this distribution of forest ownership is that the 11% private holdings produce 25% (approximately 6 million cubic metres annually) of the industrial wood supply and are therefore essential to sustain and supply the wood-using industry. The importance of woodlots is further increased due to their proximity to habitation, roads and wood consumers.

Quebec's woodlot owners number approximately 125,000, 85% of whom own less than 122 hectares (300 acres). The average woodlot is in the order of 120 acres. About 32% of woodlot owners are farmers, a figure which has fallen from 50% since 1973. Most owners (85%) include commercial wood production as one of the major reasons for owning the woodlot, indicating a very high level of interest and activity.[2]

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1. Canada/Quebec Subsidiary Agreement on Forest Development 1984 - 1990.

2. Desrosiers, N., Enquête auprès des Propriétaires Forestier du Québec, Faits Saillants, F.P.B.Q., 1985.

Of the five provinces studied, Quebec has the longest history of woodlot owner organization development and is probably the most complex. On the marketing side, there are 15 wood marketing boards covering all of the private woodlots of Quebec. These are grouped together under the Quebec Federation of Wood Producers (FPBQ). The FPBQ is a member of the large and influential Union of Agricultural Producers (UPA) from which it derives much of its strength and capability of providing support services to its member boards. On the woodlot management side, there are 47 group ventures[1], of which about one-third have formed an umbrella organization (Regroupement des sociétés d'aménagement-RESAM).

Quebec has long been considered a leader in the promotion and organization of woodlot owner interests and has often been used as an example in other provinces. Indeed, the evolution of woodlot owner organizations in New Brunswick and Nova Scotia is in no small part due to the Quebec example. It is for this reason that Quebec is the first province to be outlined in this report.

HISTORICAL

In the early 1950s the marketing of farm products, including forest products, was characterized by instability and low prices with conditions of sale unilaterally determined by the purchaser (few buyers, many sellers). In 1951, the Quebec government formed the Heon Commission to study these problems. Relying in large part on the Swedish experience, the Commission recommended among other things, the creation of an agricultural marketing board to supervise, coordinate and improve the marketing of farm products. In 1956, the government passed the Agricultural Marketing Act which is now known as the Farm Products Marketing Act.[1] The Act includes forest products in the definition of farm products and enabled the establishment of local wood marketing boards.

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[1] The term group venture is used to denote the organizations which group members' woodlots for common management. In Quebec, they are known as "organisations de gestion en commun" (O.G.C.'s).

The driving force behind the passing of this legislation was the Catholic Farmers Union (UCC, formed in 1924), the forerunner of the Union of Agricultural Producers (UPA) which enjoys substantial strength and recognition in rural Quebec. After the passing of the Act, the UCC became the promotional force behind the formation of local marketing boards. In fact, one of the first applications of the new Act was to forest products, and the first of these marketing boards were formed in 1957 and 1958 in the eastern part of Quebec in the Gaspé Region. However, the real push to form marketing boards began in the 1960s and continued to 1982 when the last one was formed. The UPA funded both the promotion and the initial operation of the boards, with the government providing the legislative support, but no funds. The regulations establishing the boards are termed "Joint Plans". There are now 18 "Joint Plans" administered by 15 marketing boards.

The forest industry opposed the establishment of the marketing boards, making an unsuccessful bid to have forest products removed from the definition of farm products. Early on, some companies went so far as to simply refuse to deal with the marketing board, suggesting they would get their wood from other sources such as Crown Land. In response to this, the government passed the Farmers and Settlers Pulpwood Sales Price Act[2] which enabled the government to force the companies to purchase specified volumes of wood from the boards at specified prices. The Act was enforced only a few times and has fallen into disuse with the government preferring to use other means to encourage the forest industry to deal with the marketing boards.

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[1] R.S.Q. 1977, c. M-35.

[2] S.Q. 1964, c. 94.

In the early years, the boards concentrated on increasing the price of wood by acting primarily as bargaining agents for wood producers. Initially purchasers were not required to negotiate with the boards, but subsequent amendments to the Act have made it mandatory. Over the years, the boards have evolved from being solely bargaining agents to sales agents, and now most boards are directly involved in all stages of marketing of pulpwood. The Quebec Federation of Wood Producers (FPBQ) was established by the marketing boards in 1970, replacing a provincial committee which had been operating on an informal basis since 1958. It was initially formed to unite the boards in order to lobby the government and has become the main spokesman in any matter affecting most or all of its member boards.

It is difficult to pinpoint exactly when interest in woodlot management began on a significant scale, but there are indications that the UPA was promoting it as early as the 1950s. The first real recognition of the potential of woodlots probably occurred with Operation Dignity in the Gaspe Region in the late 1960s. The threatened closure of several villages and parishes in this area of little economic activity led to a spontaneous reaction by people who preferred to stay and live on their resources rather than leave. Two large management units were formed by the villages with the goal of resource development. One of the first uses of the Forestry Research Fund of Laval University was to do forest management work in these units from 1970 to 1975.

Operation Dignity, which operated much like a lobby group for regional resource development, and a broadening interest in woodlot management led the FPBQ and the UPA to jointly commission Dr. Louis-Jean Lussier to study the problem of woodlot management. The study recommended the establishment of silvicuture societies, based in large part on similar organizations in France, in which the woodlot owners would be shareholders and would commit their properties to collective management. This led to the formation of the first group venture in 1971. The government also supported the concept which soon became immensely popular with the result that there are now 47 of these groups across the province. Many of these groups were assisted in their formation by the marketing boards in the area, who recognized them as an effective means of promoting management. Others formed on their own. Initially, they were interested in a wide range of resource-based activities, but now primarily concentrate on forestry and the administration of publicly-funded forestry programs. RESAM (Regroupement des sociétés d'aménagement) was formed in 1980 as an attempt to unify the group ventures.

ORGANIZATIONS

Quebec Federation of Wood Producers

Legislative Basis

The FPBQ is an association constituted under the Professional Syndicates Act[1].

Objectives

The objects of the Federation consist primarily of promoting a degree of unity and coordination among its fifteen member boards. In addition, its intent is to help with the administration of the joint plans; to promote marketing and forest management; to study problems related to production and marketing of wood; to provide information on wood production and sales; to review legislation; and to lobby for new legislation. In general, the interests of the Federation are the economic, social and moral interests of its members.

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[1] R.S.Q. 1977, C. S-40. Section 19 of the Act provides that three or more syndicates may form a federation.

Structure and Operation

The Federation is the umbrella organization of the fifteen wood marketing boards. It is directed by a Board of Directors comprised of one director appointed by each marketing board, with each member board having one equal vote. From among the directors, an executive committee is appointed consisting of five people; the president, vice-president, and three others. To carry out the decisions and activities of the Federation, the Board of Directors hires a staff which currently consists of sixteen people. These include a secretary-treasurer/executive director, assistants, coordinators of programs and clerical and administrative staff. The Federation is operated in a democratic fashion, arriving at positions only after consultations with its members.

In order to thoroughly study issues and make recommendations to the Board of Directors before decisions are made, the Federation operates a comprehensive committee system. The mandate and composition of each committee is determined by the Federation Board of Directors at the beginning of each year, with each committee reporting directly to the Board of Directors. The President and Secretary of the Federation are members ex-officio of each committee. The issues dealt with at the committee level include: contract negotiations; marketing; forest management; and many other issues of current or long-term concern.

The strength and influence of the FPBQ is in large part a result of its affiliation with the UPA (Figure 1). The UPA is comprised of sixteen regional federations, which group various syndicates in each region (excluding the wood marketing boards), and twelve specialized federations which deal with specific subjects or commodities such as eggs, milk and wood (one of which groups the wood marketing boards). The President of the FPBQ sits on the Board of Directors of the UPA, and the directors of the FPBQ act as delegates to the annual meeting of the UPA. In addition, Federation members may serve on UPA committees.

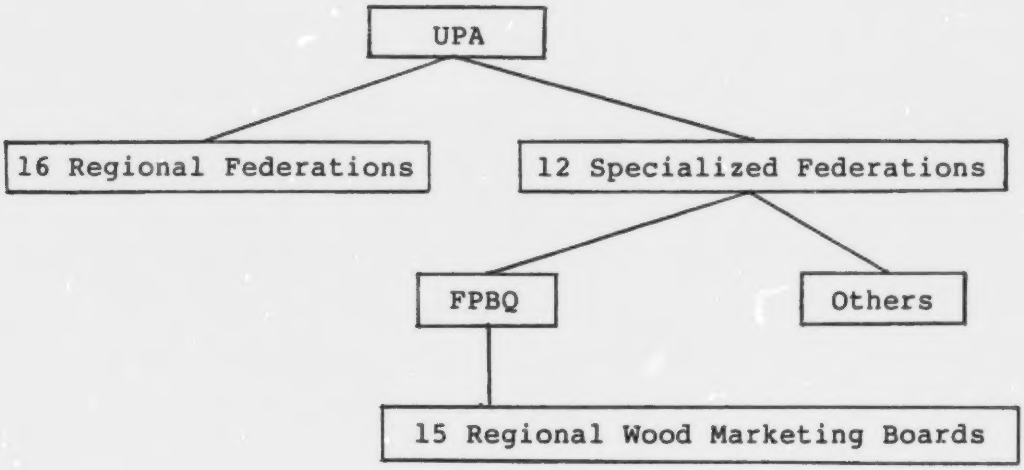

Figure 1. UPA organizational structure

Financing

The FPBQ is funded by a levy on each unit of wood sold through its member boards. The levy is currently in the order of $\$0.07/m^3$, and approximately one-half of the Federation staff is funded by this account. In addition, the Federation receives grants from the provincial government to operate certain programs such as the private woodlot forest inventory. These provide the funding for the balance of the Federation staff members.

The UPA is financed by dues directly from farmers as well as levies from its Federation members.

Services

The FPBQ coordinates various activities of the marketing boards. It lobbies government regarding legislation and regulations of concern to woodlot owners and producers and develops, defends and advocates various policies on their behalf. It seems generally acknowledged that the FPBQ is the most authoritative voice of woodlot owners in Quebec. In addition to the function of representation, the Federation provides an important means of communication amongst marketing boards, and between the marketing boards and governments or industry. During annual negotiations with industry, for example, the Federation acts as an information center for the various negotiation committees.

The Federation is involved in the delivery of various programs funded by government, such as the forest inventory program mentioned above. Although no longer involved in administering Federal-Provincial Agreement funds or provincial funds directed to woodlot management services provided by the marketing boards and the group ventures, the federation still fulfils a lobbying function in this regard and was influential in the development of the recent Federal-Provincial Forest Development Agreement in Quebec.

Marketing Boards

Legislative Basis

The enabling legislation for Quebec's fifteen marketing boards having jurisdiction over wood produced from private woodlots is the *Farm Products Marketing Act*[1].

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[1] R.S.Q. 1977, c. M-35.

The object of this act is "to make available to producers and consumers an additional means for the orderly and fair marketing of farm products."[1] The definition of farm products includes forest products thereby making the Act applicable to wood marketing.

The Act operates by means of "joint plans" which are administered by the marketing board and provide all of the marketing board's powers. In addition the joint plan details such things as who it applies to, the products covered, the area it covers, the composition of the board of directors along with their duties and modes of election, and the method of financing. A joint plan may apply to the entire province or to a specific region, with the wood marketing boards being regional in nature.

The operation of the Act and all the marketing boards of various commodities formed under it is overseen by the "Régie des Produits Agricoles", hereafter referred to as "the Régie"[2], whose goal is to promote orderly, effective and fair marketing for both producers and consumers. It is comprised of seven members appointed by the government for terms of ten years. From these, a chairman and two vice-chairmen are appointed.

Application for approval of a joint plan may be made to the Regie by ten or more interested producers or by an association of producers. They must include a draft of a plan along with reasons why it is needed. If the Regie

---

1. Section 2.

2. In English this would translate to the "Farm Products Marketing Board". The term "Regie" is used to avoid confusion with the application in this report of the term "Marketing Board" to the local wood marketing agencies which administer joint plans applied to forest products. In other provinces, the equivalent of the Regie might be termed a "Commission".

approves it, with or without amendments, public hearings are held to enable the Regie to make a preliminary assessment of the plan's acceptability and to hear input from woodlot owners. Then the plan must be submitted to a referendum vote among woodlot owners affected by the plan. For the plan to be approved, 50% of woodlot owners must vote, and two-thirds of voters must vote in favour. Once implemented, all private wood producers in the area are affected by the plan.

The joint plans differ according to the marketing needs of the area and the wishes of the woodlot owners, but in all cases they permit the collective organization of marketing primarily by providing powers of negotiation to the sellers of the agricultural product.

Objectives

Marketing boards were formed to counter what was perceived as restrictive trade practices, and the inability of individual producers to effectively deal with the buyers. Their major purpose is to organize and improve the marketing of wood and to improve marketing conditions for wood producers. As well, the boards also attempt to improve effective end-use of wood products; reduce production and marketing costs; improve quality and productivity; increase markets; represent woodlot owners and producers in their area; and in some cases, organize and reduce transportation costs.

Structure and Operation

A joint plan may be administered by a board established by the plan, but the Farm Products Marketing Act also provides that the administration of the plan may be entrusted to a syndicate, a union, a federation of syndicates, or a cooperative association. The actual structure would then depend on the type of agency selected to administer the joint plan, but each normally consists of a board of directors formed of directors elected by woodlot owners in the districts of each marketing board area[1], as well as the staff necessary to carry out the marketing functions and other activities the board is involved in. In turn each marketing board area is affiliated with the FPBQ.

The distinction between a board and a syndicate (office et syndicat) does not seem particularly important in the operation and functioning of the groups although there is a legal distinction between the two. A board is the creation of the joint plan and provides a structure for the administration of that plan. A syndicate is an association created under the Professional Syndicates Act[2] that has been assigned the task of administering the joint plan following approval by the Regie. The Regie requires that the syndicate be representative of woodlot owners and producers in its area, and most areas have chosen this format to administer the joint plan.

The powers contained in the joint plans vary from one region to another depending upon which powers are adopted by a majority of woodlot owners in the area at a meeting called for that purpose. Most plans apply only to pulpwood with only a few including sawlogs. A joint plan may provide a marketing board with exclusive authority to market the product being regulated or it may simply provide the power to negotiate conditions of sale and leave the job of sales agent up to dealers and buyers in the area. In the former case, the marketing board is the exclusive bargaining agent and sales agent such that all producers must market through the board (exclusively). In the latter case, the marketing board acts only as bargaining agent. Most marketing boards, therefore, have exclusivity regarding pulp only, some have exclusivity for pulp and sawlogs, and some have no exclusivity at all.[1] In addition to the powers contained in the joint plans, a marketing board also has the powers of a company under the Companies Act[2].

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[1] For ease of reference, the groups are termed marketing boards whether a syndicate administers the plan or not.

[2] R.S.Q. 1977, c. S-40.

Method of Financing

The powers in a joint plan include the power to deduct a levy from each unit of wood produced that is affected by the plan, in order to fund its implementation. The amount of the levy is determined by the marketing board and varies according to the scale of operation of the board and the activities authorized by the joint plan. Most marketing boards are also involved in the administration of various government-funded forestry programs and may receive funds for that purpose.

Services

The marketing boards' main role and responsibility is to negotiate contracts of sale and market conditions with wood-using industries for and on behalf of all woodlot owners and producers in its region. Negotiated contracts may determine among other things: quantities; prices; delivery schedules; scaling provisions; levies; and conditions of payment.

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[1] An example of a more powerful joint plan is the Lower St. Lawrence Region (Quebec official Gazette Nov. 10, 1976). An example of a joint plan providing bargaining authority only is in the Gaspesie Region (Quebec official Gazette May 31, 1958).

[2] R.S.Q. 1977, c. C-38.

The marketing services a marketing board provides in its area vary from one region to another since the joint plans themselves vary according to the needs and desires of woodlot owners in different areas. If the marketing board acts as selling agent, then the price negotiated is a delivered price and the contract would contain provisions covering all aspects of wood marketing. In this role, the marketing board may also control the trucking of the wood and deduct the trucking costs (usually negotiated with the local truckers' association) and the board levy and remit the balance to the producer. Some boards have evolved this system into a pooling arrangement whereby trucking costs are deducted and pooled with the result that all producers receive the same pre-trucking price for their wood no matter where the wood originates in relation to the consumer. If the marketing board acts only as bargaining agent, the price negotiated is a roadside price only, with dealers and buyers or the consumer itself filling the role of sales agent.

Since many wood consumers purchase wood from more than one marketing board area, it is a common practice for boards to negotiate jointly by forming a negotiating committee bringing together representatives from each marketing board dealing with a particular consumer. The Regie is not directly involved with the negotiating process but rather leaves all details and arrangements up to the parties themselves. However, in the event of a disagreement that the parties are unable to resolve by themselves, the Regie is empowered to appoint a conciliator to resolve the dispute. If this fails, the Regie may appoint an arbitrator or itself act as arbitrator, which is the usual case. Arbitration is applicable to all matters in dispute except volumes and delivery schedules, and the decision is final and binding on both parties.

Some boards have begun to negotiate long-term contracts of five years or more whereby the volume is fixed but the price is determined on an annual basis. The Estrie marketing board has gone so far as to negotiate a ten-year contract with one consumer, with the price to be adjusted by a formula based on various economic factors including the consumer price index. In the view of many, these types of contracts promote long-term market stability for both buyers and sellers.

One of the more controversial areas of a marketing board's operation is the implementation of a production quota system in the regions where the board acts as selling agent. Its form and operation varies, but the effect is to allocate fixed volumes to producers based on the total contract volume.

The marketing boards are also involved in the implementation of forest management services in their areas. Although no longer involved in the administration of the group ventures programs, the boards are still involved in the administration of subsidies to individual woodlot owners who are not members of group ventures or who have not committed their entire woodlot to management by a group venture. However, there are indications that methods of delivering subsidies to all woodlot owners may be changing so that the marketing board's role in this regard may also be subject to change.[1]

The marketing boards were instrumental - in conjunction with the FPBQ - in the development of regional woodlot management development plans (Plans de mise en valeur), and are chiefly responsible for their implementation. These have the potential to become important tools for the long-term management of the woodlot resource. Not all areas have them, but their number is growing.

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1. In a recent policy paper (Jan 1987) the "Ministère de l'énergie et ressources" proposed to recognize the "Syndicats et Offices de producteurs" as the delivery agents of the public assistance programs to owners not affiliated to group ventures (OGC's). At the same time it also recognizes the OGC's as the delivery agent for members of the Groups.

In addition to these forest management activities, some marketing boards negotiate a forestry fund as part of their contracts, which may be used to provide forest management services to woodlot owners in the area. Other services a marketing board can provide include market planning and research, regional representation of woodlot owners and producers, and information and education programs As an example of the latter, the Mauricie marketing board has hired an information officer to help the board understand the needs of woodlot owners in the region, largely as a result of a relatively low participation rate of owners in the board's operation. The marketing boards are an important player in the woodlot sector and make substantial contributions to the economies of their regions.

Group Ventures

Objectives

Group ventures attempt to group woodlots or parts of woodlots into larger units to take advantage of economies of scale and a sharing of resources with the goal of optimum development and intensive forest management of members' properties. Other goals are to improve woodlot productivity through conservation and development of fiber potential; to stabilize and contribute to rural development; to utilize and train a forest labour pool; and to involve the woodlot owner directly in decision-making related to woodlot sector development.

Structure and Operation

A group venture is a free association of woodlot owners who manage their woodlots as a common unit. They are formed as share capital companies, responsible to implement forest management on its members' properties. Although structured similarly, they may be profit, employment or forestry oriented depending on the wishes of their members. One of the major advantages of a company format is the aspect of limited liability of shareholders and directors.

Initially there were two different forms of group ventures. In one form (known as a société sylvicole), the woodlot owner remained owner of whatever wood was cut on his property, and was responsible for his own sales. For income purposes, he was considered self employed and paid the group for whatever services it provided. However, this led to problems with such things as Unemployment Insurance and Worker's Compensation. In the other form (known as a groupement forestier), the group buys the wood from the owner, and the owner is considered as an employee of the group for income purposes. The advantages of the second approach - which would include receiving normal fringe benefits of industrial workers - are such that now all group ventures operate in this fashion.

The group venture determines who may join, considering criteria such as the suitability of the woodlot for forest management. The members are shareholders of the company with the cost of a share varying from one area to another. The member must commit a minimum of wooded area (10 ha/25 ac) to the company and purchase at least one share. The share structure of each company also varies but usually contains some mechanism to prevent any one member from obtaining control of the company.

The member of the group venture must sign a long-term agreement (up to fifteen years) with the group and and in turn receive a management plan and services according to the criteria of the agreement. Under the agreement, the owner entrusts to the company for a definite term the management of the assets defined in the agreement, and the company undertakes to manage those assets according to silvicultural principles within its financial and physical constraints.

A group venture may be formed by a minimum of thirty woodlot owners, grouping a minimum of 1200 ha (3,000 ac). Upon receiving recognition from the provincial government, the group becomes eligible for financial assistance under the group venture program which provides subsidies for approved forest management activities on members' properties. Each marketing board area is divided into management units and only one group venture per unit may qualify for subsidies. There are a total of 51 management units; all but four of which contain a group venture (Figure 2). It is estimated that over 10,000 woodlot owners belong to group ventures affecting approximately 600,000 ha of woodlots.[1]

Each company is operated by a board of directors normally consisting of one director from each municipality within the group venture area, and who are elected at the annual meeting of the general membership. The board of directors may hire staff consisting of a manager, foresters, technicians, clerical staff and field workers to carry out their programs. The number of staff employed by each group varies considerably according to such factors as size of membership, size and quality of woodlots, and alternate sources of income other than the subsidy programs or wood sales. If the group's only activity is the delivery of subsidized silvicultural services, it may only afford to hire a part-time manager and part-time field staff depending on the size of its operation.

Until recently, the funds for the group venture program were channelled through the FPBQ and the marketing boards to the group ventures, with the groups signing an agreement with the marketing board to obtain the funds. Therefore, the marketing structure provided the framework for the administration of the program, while the group ventures were assigned the responsibility of implementation. Now, however, the group ventures deal directly with the provincial government in order to gain access to the Federal-Provincial Agreement funds. As a result, relations between the group

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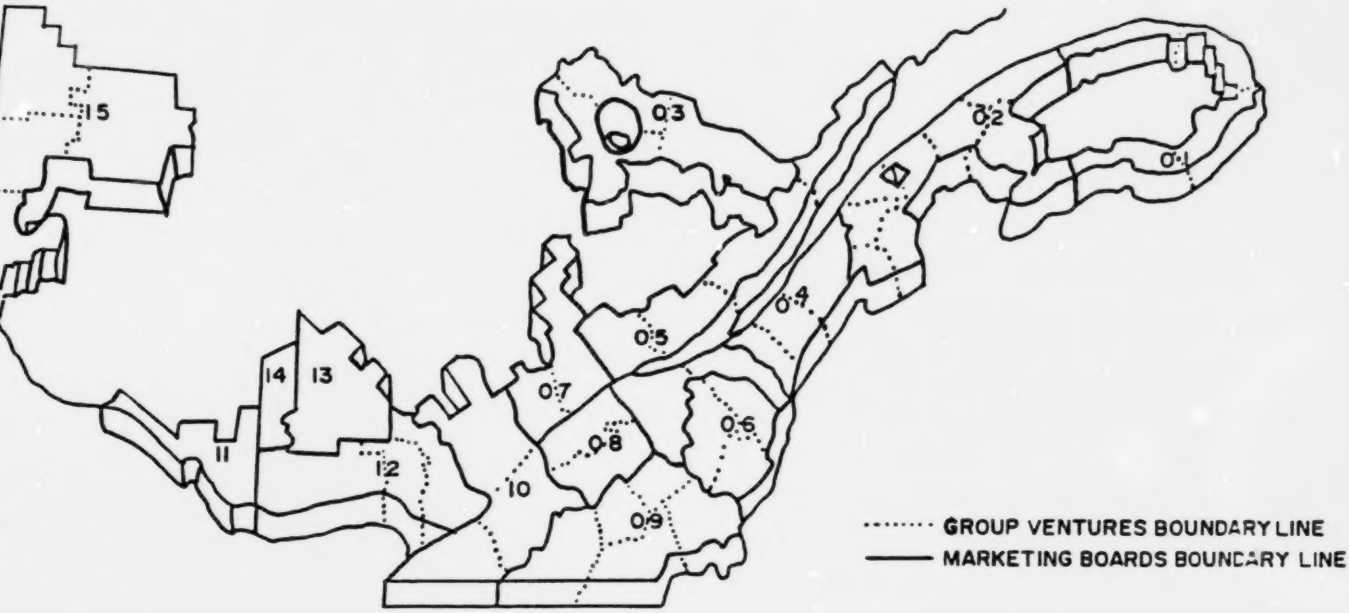
[1] This represents less than 10% of potential woodlot owners in Quebec.



ARKETING BOARDS (SYNDICATS OFFICE DE PRODUCTEURS DE BOIS) AND GROUP VENTURES
)RGANISME DE GESTION EN COMMUN)

	GROUP VENTURES		
ARKETING BOARDS	NUMBER OF GROUPS	AREA UNDER AGREEMENT	NUMBER OF OWNERS
. Syndicat des producteurs de bois de la Gaspésie	5	50540	772
2. Syndicat des producteurs de bois du Bas-Saint-Laurent	9	189116	2 649
3 Syndicat des producteurs de bois du Saguenay - Lac-Saint-Jean	3	51 202	901
4 Office des producteurs de bois de Sainte-Anne-de-la Pocatière	3	17 100	331
5. Office des producteurs de bois de la region de Québec	6	29228	662
6. Syndicat des producteurs de bois de la Beauce	3	33955	989
7. Syndicat des producteurs de bois de la Mauricie	2	13244	280
8. Syndicat des producteurs de bois de Nicolet	2	14990	350
9 Syndicat des producteurs de bois de l'Estrie	5	38487	731
. Syndicat des producteurs de bois de Montréal	3	1130	30
Office des producteurs de bois de Pontiac	1	1450	20
. Syndicat des producteurs de bois des Laurentides	3	1902	40
. Syndicat des producteurs de bois du Comte de Labelle	1	12800	260
Office des producteurs de bois de la Gatineau	1	7357	109
Syndicat des producteurs de bois de l'Abitibi Temiscamingue	4	477144	937
tal	51	509645	9061

rce: Féderation des producteurs de bois du Québec.

gure 2. Marketing board and group venture areas in Québec.

ventures and the marketing boards and FPBQ are in a state of flux. Up until 1986, representatives from the group ventures participated on regional and provincial forest management committees within the FPBQ structure, and also in some cases sit on the board of directors of the marketing board in their area. This was changed in 1986 when the provincial government decided to negotiate directly with the OGC with regard to funding. The FPBQ then decided the presence of OGC representatives on its management committees was no longer necessary. The marketing boards continue to control marketing and normally allocate a percentage of the available markets to the group ventures.

Financing

A major activity of the group ventures is the carrying out of silviculture activities on members' properties. These activities are subsidized and if the amount of the subsidy doesn't cover the cost of the work done, the woodlot owner may be required to pay the difference. Therefore, the activity is free to the woodlot owner unless the cost exceeds the subsidy. A percentage of the subsidy is designated for administration purposes, which the group venture may use to carry out the programs. However, most groups find this amount insufficient to fund all their staff and administrative requirements, and so must rely on other sources of funds in order to expand. Besides sales of shares, the major source of alternate funds is wood sales. Generally, two-thirds of the roadside value of pulpwood is retained by the group venture while one-third is paid to the owner as stumpage.[1] Some groups have diversified even further by investing heavily in other local businesses, and performing forestry services for profit on properties outside their grouped holdings. There is nothing to prevent the groups from doing this on their own initiative and if they do, they have the potential to dramatically increase their contribution to the local rural economy. Some groups that have done this are approaching self-sufficiency.

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[1] This ratio may vary according to the type of wood produced. The ratio for sawlogs, for example, may be fifty/fifty.

Services

The services provided by group ventures include: silvicultural services; preparation of woodlot management plans; management and development of grouped properties; conservation practices, such as forest protection and recreation; employment of members; provision of wood volumes to supplement marketing board contracts; technical advice and training; and representation of members and woodlot owners interested in management. In addition, membership in a group venture may facilitate access to other programs such as the forestry credit program.[1] The groups also have the potential to act as a catalyst in their area by promoting interest in forest management and helping to expand and find markets for wood products.

R.E.S.A.M. (Le Regroupement de societes d'amenagement, inc.)

RESAM is a share capital, profit-oriented company formed in 1980 with the intent of unifying the group ventures. Its goals also include exchange of technical and management information; development of policies; and representation of its members. It began with six group members and currently consists of 14 out of a possible 47. It is operated by a board of directors comprised of one director from each member group. The company is financed by sale of shares (member groups are shareholders at $500 per share) and an annual membership fee which is currently set at $2,000. In addition, some government funds are received from time-to-time for research purposes.

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[1] This program provides loans for foresty purposes and requires that the woodlot owner's property be managed according to a management plan - one of the services provided by the group venture.

Other

One other organization worth mentioning is the newly-formed "Private Woodlot Owners of Estrie Inc." in the eastern townships. It is formed as a private, non-profit company with the goals of promoting forest management; encouraging its members to adopt forest management practices; and to help individual woodlot owners not belonging to a group venture to gain access to forestry subsidies. It is financed solely through the sale of shares to members. The company itself does not provide any silviculture services, and no commitment of land to management is required of its members. Its main purpose and function is to lobby for an increased proportion of funds for individual woodlot owners who do not wish to belong to a group venture. It seems to be largely a company formed to counteract what is perceived by some to be the undue influence of the group venture movement, which in most areas represents a relatively small percentage of woodlot owners. This new group is gaining rapidly in popularity and although other regions of Quebec have expressed an interest in following the example, it is too early to tell whether this approach will achieve any significance or what role it may play in the woodlot sector.

DISCUSSION

Subsidies for silvicultural activities are available to woodlot owners individually or through a group venture. Prior to individual aid being made available in the eastern region of Quebec in 1983 by the Canadian Forestry Service[1], and then the rest of Quebec in 1984 by the "Ministère du l'énergie et ressources", it was necessary for woodlot owners to join the group venture in order to gain access to the programs. Government's objective in funding these programs is primarily to sustain and develop the forest industry by improving the quality and quantity of the very significant amount of wood produced from Quebec's woodlots. In addition to the government's interest in sustaining this crucial wood supply, there is also interest in rural development and increasing woodlot owners' income.

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[1] Individual assistance was made available by the Canadian Forestry Service through the "Plan de développement de l'est du Quebec" in 1984.

The marketing boards and the FPBQ did not become directly involved in forest management programs until the early 1970s when they began to administer the group venture program. The marketing boards were instrumental in the establishment of many of the group ventures, and normally worked very closely with them. However, with increasing interest in forestry issues, the advent of the individual aid program - which the marketing boards still administer - and the assumption by the provincial government of the administration of the group venture program, relations between the marketing boards and the group ventures are now often characterized by deep divisions. Consequently, a major issue facing those involved in the woodlot sector is to determine the roles of the marketing boards, the group ventures, and the government in the implementation of forest management services on private woodlots. On one hand, there are those who suggest that the marketing organizations should restrict themselves to marketing services; that that in itself is enough to fully occupy them. On the other hand, others point out that the marketing organizations are democratic structures which represent all woodlot owners in their areas, while the group ventures only represent a small proportion. In addition, the marketing boards are non-profit whereas the profit orientation of the group ventures may affect their attitude towards a property in need of silvicultural services but with little merchantable volume.

Over the years, the marketing boards have developed a stable and efficient structure for the marketing of wood products, resulting in a more diverse and profitable marketplace. Profits to the woodlot owners have been improved both by real increases in the price of wood (roadside price for softwood increased 32% in constant dollars from 1965 to 1975[1]) and by eliminating middlemen such dealers and buyers where the marketing board acts as selling agent. However, it is estimated that only about 60% of all wood harvested from woodlots - most of it pulp - is marketed through the marketing boards.[2] The marketing boards are, therefore, not in a position to effectively plan their markets according to the growth potential of their areas. In addition to their role in marketing, most boards are desirous of maintaining a direct involvement in the implementation of forest management services.

Besides their role in forest management, other issues of concern to the marketing boards and their federation include the question of how to eliminate crown wood as a competitor and achieve some kind of market priority, and the problem of reduced wood demand that is complicated by increasing supplies due to such factors as budworm mortality, wood harvest resulting from forest management activities, and increasing production of woodchips from sawmills. The priority of supply issue is a particularly important one as it could have a direct impact on market stability, price and the ability of a marketing board to negotiate long-term contracts. This in turn can have an impact on a woodlot owner's involvement in forest management practices since market access has a direct influence on timing and profitability of activities.

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1. Belzile, H., La Mise en Marché du Bois en Forêt Privée, p. 92, in La Forêt au Québec, Ministère de l'agriculture, 1979.

2. Ibid.

Many people in Quebec have mixed feelings about the group venture movement. They can be very effective in delivering technical services to large numbers of interested owners and in some cases have become significant economic contributors to their regions. Their popularity is such that they grew in number very rapidly and became the chief vehicle for delivery of forestry services to private woodlots. However, the proportion of woodlot owners participating in any given region varies widely but averages less than 10%. Aside from the relative youth of the group venture program, limiting factors include such things as: the requirement for a long-term commitment of the woodlot; insufficient subsidies; and what some view as being restrictive guidelines. Under ideal conditions with sufficient funds, it is estimated that the group venture program might succeed in reaching 30 to 35% of woodlot owners.[1] Some people feel they receive too much attention and too much of a market share relative to the proportion of woodlot owners they represent, while the group ventures in many cases do not feel they have a fair share of the market and that at least they represent those who are most interested and involved in forest management.

The advantages to a woodlot owner in joining a group venture are the economies of scale, employment benefits, accessibility of expertise and availability of technical services at little cost. Any possible disadvantage lies primarily in the long-term commitment that is required and the difficulty in getting out of it if one is dissatisfied.

The role of the forest industry in woodlot management in Quebec is minimal. They do not enter into woodlot management agreements with landowners as is done in some other provinces and countries, and do not play a role in the implementation of the marketing boards' regional development plans. However, some companies do negotiate forest management funding with marketing boards, and the negotiation of long-term contracts has the potential to provide important market support for forest management activities.

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[1] Groupement Agro-forestier & Touristique de Portneuf Inc. et al, L'Avenir de la Forêt dans la Région de Québec, Mémoire présenté au Comité Consultatif sur l'avenir de la Forêt Privée, 1984.

The roles and interactions of the various agencies involved in delivering forest management on private woodlots are likely to change. The trend appears to be for the marketing organisation to become less involved in the administration of the subsidies, and for the style of subsidies to move towards a system whereby the government will deliver funds directly to the woodlot owner and the woodlot owner will decide who will perform the services. This would be similar in structure to the way in which agricultural subsidies are delivered to farmers. This trend of course, does not preclude the FPBQ and marketing boards from involvement in forest management activities outside the subsidized programs - which they seem to be moving towards - but it does have the potential to have substantial impact on the future of the group ventures. If they become simply another service agency competing for funds as opposed to their present role of delivery agents for the group venture program, it is likely that many will disappear. Others which have diversified their sources of income may continue to survive and prosper. Although the present subsidy programs in Quebec are undeniably contributing to the solution of many forest management issues, they themselves are also the source of many problems. The woodlot organizations are competing for delivery of the programs and are deeply divided as to the best way to proceed. The current situation is confusing and it would not be surprising if the woodlot owners did not understand the roles of the various agencies attempting to serve their interests. However, new initiatives appear promising, and it is very likely that Quebec will remain in the forefront of developing innovative approaches to managing the woodlot sector.

NOVA SCOTIA

INTRODUCTION

Nova Scotia - Canada's second smallest province - is 84% forested, which amounts to just over 4 million ha (10 million ac) of forest land. The industry relying on this resource is mainly comprised of four pulp and paper mills (two of which, in the eastern part of the province, account for 72% of total capacity) and over 350 sawmills. The sawmills are well distributed providing an important source of rural employment and income. Forestry is the largest resource-based industry in Nova Scotia providing approximately 8,000 direct and 16,000 indirect jobs.

Small woodlot owners own just over 52% of the forested land (parcels less than 1,000 ac), while large private and government holdings amount to approximately 21 and 26% respectively. With the exception of Prince Edward Island, this is the highest percentage of small private holdings of any province in Canada. There are just over 30,000 woodlot owners owning about 50,000 parcels of woodland, with the average size holding in the order of 80 ha (200 ac). Over the past decade, the small woodlots have supplied approximately 40% of the total harvest.

The Province is predicting a wood shortage towards the end of the century, and recognizes the importance of the woodlot sector in overcoming that shortage. Most of the productive forest land is privately owned which further emphasizes the importance of woodlots. The forest generally is a mixed wood forest with an unbalanced age/class distribution. The woodlot forests tend to be younger than average.

There are several woodlot owner organizations in Nova Scotia including the Nova Scotia Woodlot Owners and Operators Association which is a provincial association comprised of county associations as well as one suppliers division which bargains with a pulp mill; a separate provincial organization known as the Nova Scotia Federation of Land Owners and Forest Fiber Producers Associations formed as a federation uniting two regional associations (one of which bargains with another pulp mill) which in turn are comprised of county associations; and seventeen group ventures scattered throughout the province (Figure 3) which are primarily involved in delivery of publicly funded forestry services to their members.

HISTORICAL

Efforts by woodlot owners to organize the marketing of wood date back to the 1940s and 1950s when farmers made representations to government through the Maritime Livestock Board and then the Nova Scotia Federation of Agriculture for assistance but without success. However, the first real effort began in 1960 when a woodlot owners association was formed following the government's decision to lease the crown land in much of the eastern part of the province to Nova Scotia Forest Industries (NSFI) Limited to operate a large pulp mill. In its short life span, the association made an unsuccessful attempt to bargain with NSFI on a voluntary basis and subsequently requested formation of a marketing board for pulp wood under the then Natural Products Marketing Act[1] (now called the Natural Products Act[2]). However, the Act at that time did not apply to forest products. Although the Act was subsequently amended to include forest products, the government appointed the

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1. R.S.N.S. 1967, c. 206.

2. S.N.S. 1982, c. 41.

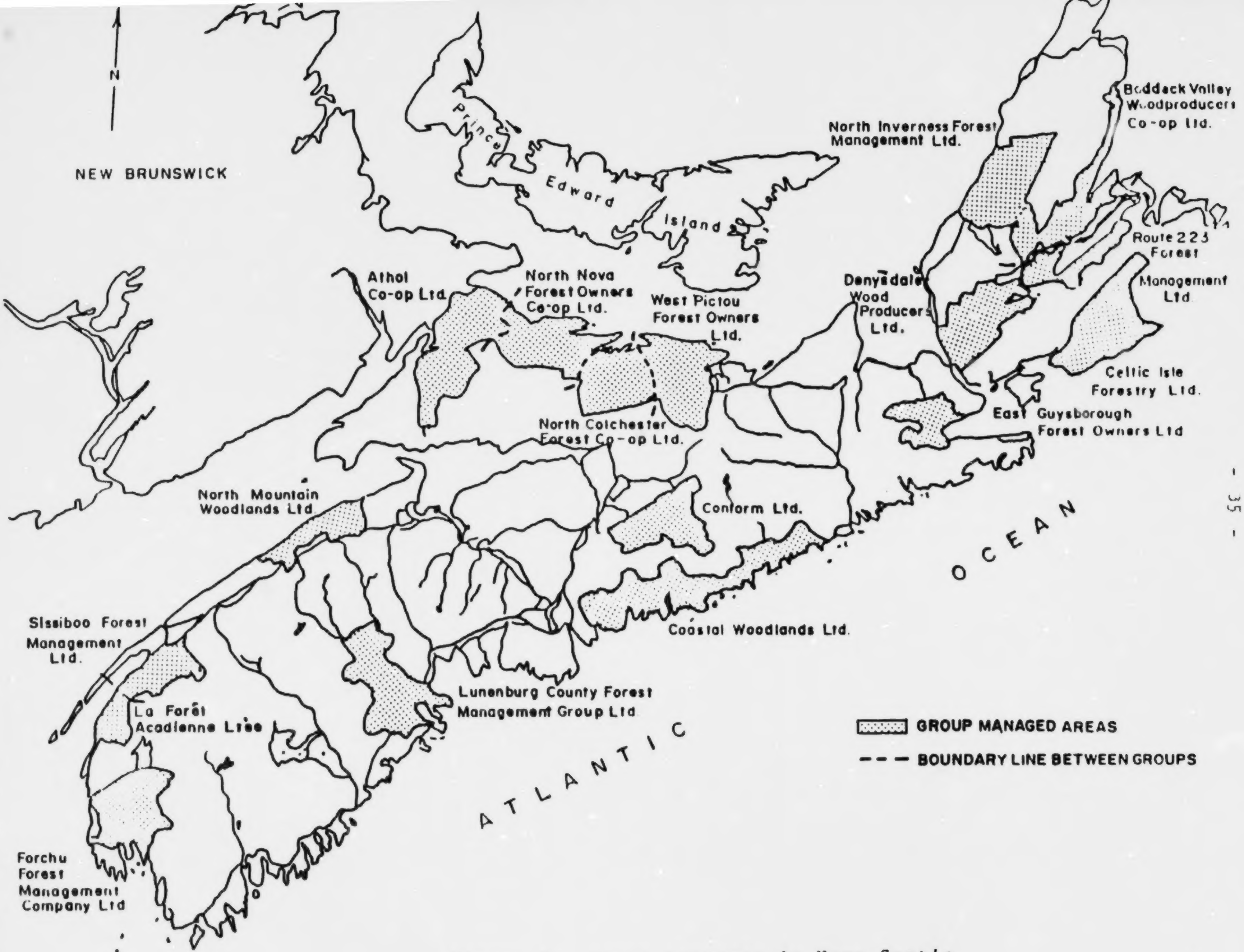
N
NEW BRUNSWICK
Prince Edward Island
Athol Co-op Ltd.
North Nova Forest Owners Co-op Ltd.
West Pictou Forest Owners Ltd.
North Colchester Forest Co-op Ltd.
North Inverness Forest Management Ltd.
Baddeck Valley Woodproducers Co-op Ltd.
Denysdale Wood Producers Ltd.
Route 223 Forest Management Ltd
Celtic Isle Forestry Ltd.
East Guysborough Forest Owners Ltd
North Mountain Woodlands Ltd
Conform Ltd.
OCEAN
Coastal Woodlands Ltd.
Sissiboo Forest Management Ltd.
La Forêt Acadienne Ltée
Lunenburg County Forest Management Group Ltd
ATLANTIC
Forchu Forest Management Company Ltd
▨ GROUP MANAGED AREAS
- - - BOUNDARY LINE BETWEEN GROUPS

Figure 3. Group ventures in Nova Scotia

MacSween Royal Commission to investigate prices and marketing of pulpwood before taking further action. The Commission recommended among other things that woodlot owners organize into an effective association.

With the help of organizational funding from government, the Nova Scotia Woodlot Owners Association (NSWOA) was formed in 1969 as an incorporated society under the Societies Act[1] with 1200 members. Although involved in making policy proposals to government, its main purpose was to establish collective bargaining for woodlot owners and in 1970 it developed a proposal for a pulpwood marketing plan under the Natural Products Marketing Act. The plan received tentative approval and the association began a province-wide campaign to register woodlot owners as voters. Despite strong industry opposition and little government support, a vote was ultimately held with 86% of those who voted voting in favour. In response, however, the government formed the McKeigan Commission which led to the passing of separate legislation in 1972 affecting the marketing of pulpwood The Pulpwood Marketing Act[2]. While it was not everything the woodlot owners wanted, the Act did enable the registration of bargaining agents and so the association reluctantly agreed to give it a try.

In 1974, the NSWOA was registered as bargaining agent for all pulpwood producers in Nova Scotia, and was permitted to commence bargaining with NSFI. Following a legal challenge by NSFI, however, the NSWOA lost its registration as bargaining agent in 1975. In the next attempt in 1976, the NSWOA applied for and obtained bargaining status for the seven eastern counties only, but this also was successfully challenged by NSFI on the grounds that the association did

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1. R.S.N.S. 1967, c. 286.
2. S.N.S. 1972, c. 15.

not represent the majority of pulpwood producers. To rectify this the NSWOA changed its constitution to include large pulpwood producers and changed its name to the Nova Scotia Woodlot Owners and Operators Association (NSWOOA). It also created suppliers divisions within its structure to permit the organizing of pulpwood producers (as opposed to woodlot owners) for each major consumer. In 1979, after a membership drive for the NSFI suppliers division in the eastern counties (which involved an unsuccessful legal challenge by NSFI), the NSWOOA was awarded bargaining rights for the NSFI supplying area based on the pledged support of 82% of the pulpwood producers. Negotiations were first held in 1980 leading to the first collective agreement in that same year.

Encouraged by the success of the NSFI suppliers division, the Scott Suppliers Division in the central region began organizing and in 1981, the NSWOOA became the registered bargaining agent for the Scott Paper Limited supplying area based on the support of 70% of the pulpwood producers. Their first collective agreement was signed in 1982.

In 1984, the NSFI suppliers division split from the NSWOOA, forming its own association: the Nova Scotia Landowners and Forest Fiber Producers Association (NSLFFPA). It applied to decertify the NSWOOA as bargaining agent for NSFI, and was itself awarded bargaining rights in its place. Since much of the spirit of the woodlot owner movement originated in this area, and with a large proportion of membership of the NSWOOA being from this area, this development represented a serious blow to the NSWOOA.[1]

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1. The NSWOOA is currently facing another decertification bid, this time in relation to its Scott Suppliers Division. This bid was initiated by the North Nova Forest Owners Cooperative Ltd. (a group venture) which itself was denied certification as bargaining agent for Scott Paper Ltd. at the time it was awarded to the NSWOOA.

In 1985, the NSLFFPA spearheaded an additional organizational effort, forming a Western Nova Scotia Landowners and Forest Fiber Producers Association. It renamed itself the Eastern NSLFFPA, and grouped the two under the Nova Scotia Federation of Landowners and Forest Fiber Producers Associations. The central region was excluded due to the continuing existence in that area of the NSWOOA and its Scott Suppliers Division.

The group venture movement began in Nova Scotia in the early 1970s, based in part on the Quebec example. The concept was promoted by government officials and received strong support from the NSWOOA. The first group was formed in 1974 as a pilot project using government funds, and became fully operational in 1975.[1] It was formed as a company, starting with 13 shareholder/members but soon gained in popularity. The second group was formed on its own in 1976 as a cooperative in conjunction with the county association of the NSWOOA in that area, but group ventures did not begin to gain in popularity until after 1977 when a new federal/provincial general development agreement included funds for the promotion and operation of group ventures. The movement has grown from two groups in 1977 to 17 groups in 1986 with 11 additional applications pending approval. Some groups began on their own before becoming eligible to receive government funds for forestry purposes, while others were formed specifically to gain access to the funds. Initially, the only way for a woodlot owner to qualify for subsidies was to join a group venture. Now, however, funds are available for both members and non-members.

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1. West Pictou Forest Owners Ltd. Although the group venture movement began at the same time as the NSWOOA was struggling for bargaining rights, the two were unrelated.

Further changes are in store for Nova Scotia in 1986 with the passing of three new pieces of legislation: the Forest Enhancement Act[1], the Nova Scotia Primary Forest Products Marketing Act[2], and the Forests Act[3]. Their objective is to improve the protection and productivity of forests, and to improve the marketing of forest products. The Forests Act deals mainly with the provincial Department of Lands and Forests, but also establishes a Private Lands Directorate, and a Forest Extension Division. Among the goals of the Private Lands Directorate is the promotion of the continuation of group ventures.

MARKETING LEGISLATION

The legislation pertaining to the marketing of woodlot products is the newly enacted Nova Scotia Primary Forest Products Marketing Act[4], replacing the Pulpwood Marketing Act[5] and is administered by the Department of Lands and Forests. Its purposes are to provide for the organization, funding and registration of bargaining agents; to provide for the resolution of disputes; to facilitate and support the development of the woodlot resource; and to enable woodlot owners to have a fair share of the market and receive a reasonable return.

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[1] S.N.S. 1986, c. 9.

[2] S.N.S. 1986, c. 52.

[3] S.N.S. 1986, c. 10.

[4] S.N.S. 1986, c. 52.

[5] S.N.S. 1972, c. 15.

The Act establishes the Nova Scotia Primary Forest Products Marketing Board[1] - formerly called the Nova Scotia Pulpwood Marketing Board - which oversees its operation. It is comprised of seven members (formerly five): two forest industry representatives; two woodlot owner representatives; and three independent members from which a chairman and vice-chairman are appointed. Its main purposes are to act as a liaison between the producers and consumers of forest products; to promote collective bargaining; and to register bargaining agents. In addition, it has powers of investigation and licensing.

Under the old Act, the Board was funded by a 10 cents per cord levy on all pulpwood produced in the province. This will likely continue and may be expanded to include other forest products. The Board is not involved directly in the bargaining process unless requested. Rather, the parties themselves determine the details of negotiations.

If a dispute arises, either one of the negotiating parties may apply to the Board for a Declaration of Deadlock. Under the old Act, the Board had the power to act as mediator but otherwise there were no means to resolve disputes. Under the new Act, however, following a Declaration of Deadlock the parties may apply for mediation and name their own mediators. If this does not result in an agreement being reached, the Board has the power to set the price of wood at the level recommended by the mediator, for six months or until the parties reach agreement[2]. If no agreement has been reached after six months, the process can be repeated. There are also provisions to insure the continuation of buying and selling pending an agreement being reached.

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[1] The Board is the equivalent of a Regie or Commission in other provinces, and should not be confused with the application elsewhere in this report of the term "marketing board" to local marketing agencies formed by woodlot owners and producers.

[2] The dispute resolution procedures apply to price only.

To become a bargaining agent, an association must apply to the Board for registration. It must include a copy of its constitution indicating its objectives, purposes and who it represents, and must demonstrate it has the support of those it purports to represent.[1] In addition, the applicant must demonstrate that it is an appropriate group for collective bargaining purposes. The Board then must hold a public hearing after which it may register the association as bargaining agent, for an indefinite term. Following registration, the association must then apply to the Board for a declaration that a bargaining situation exists with a particular consumer before negotiations can commence. They must provide a list of issues along with evidence that a bargaining situation exists, and this process must be repeated each time they wish to negotiate a collective agreement.

Response to the new Act is mixed, with most people adopting a wait-and-see attitude.

ORGANIZATIONS

Nova Scotia Woodlot Owners and Operators Association

Objectives

The objectives of the NSWOOA, a non-profit association, are primarily to improve the general situation of pulpwood

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1. Rather than a simple vote, support for existing bargaining agents has been demonstrated by obtaining signed pledges of support from individuals. Although no guidelines are set out, 50% of producers and 50% of production have been considered appropriate.

producers and to develop the means to bargain collectively with the large pulp and paper companies. It also functions as a lobby group, representing woodlot owners generally and promoting woodlot management. After the formation of the suppliers divisions, the NSWOOA became more of an umbrella group with a goal of dealing more with matters of a general nature affecting forestry and woodlots, leaving specific concerns mainly with the divisions. The goals of a suppliers division include representing the common interests of members actively engaged in the production of pulpwood, promoting the orderly and systematic marketing of pulpwood, and providing members with information of interest.

Structure and Operation

The NSWOOA is structured as a framework within which separate organizations may operate. It can include local county associations, suppliers divisions and affiliates (Figure 4). It is run by a board of directors comprised of representatives from each of these organizations plus three directors elected at large. It has an executive committee including a president, vice-president, past-president and two other directors. This committee hires an executive director and is responsible for the administration and day-to-day functioning of the association. Membership is open to both woodlot owners and producers although activities have been focused mainly on marketing concerns in the Eastern and Central Regions.

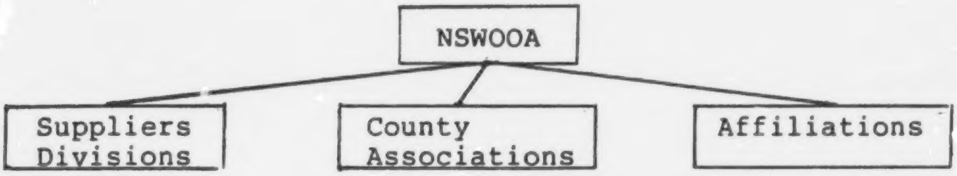

Figure 4. NSWOOA organizational structure

The bylaws of the NSWOOA provide for the establishment of three suppliers divisions: the Bowater-Mersey Division in the Western Region, which has never been activated; the Scott Division in the Central Region which is active but is facing many problems including an outside application to have the NSWOOA decertified as its bargaining agent; and the NSFI Division in the Eastern Region which has broken away from the NSWOOA although it remains active as a separate organization. There is one affiliate[1]. The county associations, with the exception of two or three, are for the most part inactive, perhaps partly as a result of the focus of the NSWOOA on marketing concerns.

A suppliers division is established under the bylaws of the NSWOOA and uses the constitution of the NSWOOA as its own. However, they are independent in most other respects. The NSWOOA, as the parent organization, is the certified bargaining agent for the Divisions, but the contracts negotiated are administered completely by the divisions. A division is operated by a committee which is the equivalent of a board of directors. Directors, including a chairman and vice-chairman, must be members of the Division and are elected at its annual meeting. The directors hire a Division manager who acts as chief administrative officer. The Scott Suppliers Division has approximately 450 producer/members who automatically cease to be members after not producing pulpwood for three consecutive years. Members of the division are automatically members of the NSWOOA.

The main activities of the Division are the negotiation and administration of a collective agreement on behalf of its members with the mill. The Division operates as sole bargaining agent for the suppliers to a particular mill and both members and non-members are bound by the terms of the collective agreement. For example, all producers are limited by the negotiated volumes and receive the negotiated price whether they belong to the Division or not. However, the Division acts as supplier only for its membership, for whom it identifies and coordinates wood supplies. Non-members must deal directly with the mill. The negotiating procedure must be worked out between the parties to the collective agreement, and the Division requires that the collective agreement be ratified by its membership before it is accepted.

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[1] Conform Ltd., a group venture.

The Scott Suppliers Division allocates contracted volumes by means of a quota system based on past production of producers, and which is administered by a committee of the Division. The terms of the quota system are contained in the collective agreement and represent a substantial restriction on the ability of the Division to organize wood sales. As long as producers are limited to historical production, it will be difficult for previous producers to increase their volumes, or for new producers to enter the market. Trucking and issuing of delivery tickets is organized by the mill, and individual contracts of sale are signed between the producer and the mill following the allocation of wood volumes based on the quota system. The Division performs a coordinating function by directing the mill's trucks to its members' wood.

Financing

A bargaining agent, once registered, must apply to the Nova Scotia Primary Forest Products Marketing Board for the right to a levy on each unit of wood sold to the mill it deals with. The levy is deducted by the mill and remitted to the Board which, in turn, pays it to the bargaining agent. In the case of the Scott Suppliers Division, the NSWOOA is the bargaining agent. It therefore receives the levy and forwards it on to the division. The levy is currently set at 95 cents per cord.

Services

The services provided by the NSWOOA to its members include lobbying; representation; promotion of an organized marketing structure; and promotion of forest management.

The Scott Suppliers Division, on behalf of its members, negotiates and administers a collective agreement with a goal of improving prices and stabilizing wood markets.

The Nova Scotia Federation of Landowners and Forest Fiber Producers Associations

Objectives

The Federation was formed to promote working together for common goals; to promote forest management; to promote respect for individual property rights and the environment; to work towards a fair return for wood; and, essentially, to provide a united voice on important forestry and land ownership issues. The reference here to individual property rights is a result of a strong concern that many recommendations of the report of the Nova Scotia Royal Commission on Forestry[1] would result in a loss of property rights for woodlot owners. Those involved in the Nova Scotia Landowners and Forest Fiber Producers Association in the Eastern Region wished to voice their concerns and felt that, to be more effective, a strong show of support from across the province was required. County associations, the western Nova Scotia Landowners and Forest Fiber Proders Associations and the Federation were quickly formed, with the primary of objective of preparing and presenting a position paper concerning the recommendations of the Royal Commission, and a further objective of representing all woodlot owners in Nova Scotia.

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[1] Connor, J., Forestry, Report of the Nova Scotia Royal Commission on Forestry, Province of Nova Scotia, 1984.

The eastern group (which began as the NSFI suppliers division of the NSWOOA and subsequently split from it) is a bargaining agent on behalf of all pulpwood producers who supply wood to what is now called Stora Forest Industries (formerly NSFI). As such, its objectives include those related to marketing, and are similar to those previously outlined for a suppliers division of the NSWOOA.[1]

Structure and Operation

The Federation, which is formed as an association[2], is comprised of two regional assocations, which in turn are comprised of several county associations. Following the attainment of their primary objectives - that of responding to the Royal Commission Report - the Federation and the western regional association have been relatively inactive. Woodlot owners, wood producers and interested persons are eligible for membership. Membership in a county association brings with it membership in the regional association and the Federation.

The structure and operation of the Eastern regional association is similar to that outlined previously for a suppliers division of the NSWOOA. The only substantial difference is that the eastern group became an autonomous organization no longer affiliated with the NSWOOA, and the

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1. Recall that the NSFI Division was the first to form and negotiate a collective Agreement. The Scott Suppliers Division was subsequently patterned after the NSFI Division.

2. Associations in Nova Scotia may incorporate under the Societies Act, R.S.N.S. 1967, c. 286.

county associations of the eastern association formerly belonging to the NSWOOA now belong to the eastern group. Many group ventures in the eastern region also belong to the new association (Figure 5).

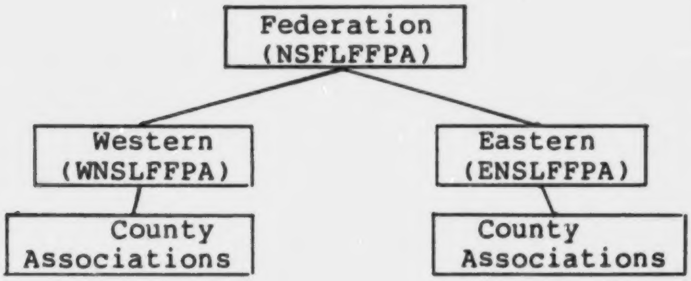
Federation
(NSFLFFPA)
Western
(WNSLFFPA)
Eastern
(ENSLFFPA)
County
Associations
County
Associations

Figure 5. NSFLFFPA organizational structure.

Funding

The county associations are funded by a small membership fee, and the Federation is funded by the county associations. The Eastern Nova Scotia Landowners and Forest Fiber Producers Association, as a bargaining agent, also receives a 95 cent per cord levy on each unit of wood delivered to the mill.

Services

The services provided by the Federation and the regional associations consist primarily of lobbying and representation of members' concerns. The Eastern Nova Scotia Landowners and Forest Fiber Producers Association, as a bargaining agent, also provides marketing services similar to a suppliers division of the NSWOOA as previously outlined.

Group Ventures

Objectives

The group venture program is primarily intended to improve the productive capacity of small private woodlots, and thereby increase future harvest levels, by grouping them to overcome diseconomies of scale due to small size and fragmentation. This comprises one part of the larger effort by both the federal and provincial government to increase the sustainable supply of softwood in Nova Scotia to help overcome a predicted wood shortage. Other related objectives of a group venture are to promote forest management and the long-term viability of the woodlot resource; to provide forest management and forest products marketing services to members at a reasonable cost and according to high quality standards; to supply industry with raw material at fair prices; to provide input to government policies; to educate and train the woodlot owners; to renew and rebuild the woodlot resource; to develop a pride and awareness of responsibility in forest management; to focus attention on forest management and woodlot concerns; and to generally improve the social and economic conditions of its members.

Structure and Operation

The group ventures in Nova Scotia are incorporated either as a cooperative under the Cooperatives Associations Act[1] or as a share capital company under the Companies Act[2]. Both forms are operated in much the same way with the major difference being in the voting procedures; with a co-op, one member has one vote, while with a company, one share has one vote. However, in the latter case, any one member cannot hold more than 10% of the voting shares. In effect, then, both structures effectively prevent any individual from gaining control of the organization. The group ventures usually have broad Articles of Incorporation to permit diversification, but most restrict their activities to foresty and the implementation of the government-funded forestry programs.

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[1] S.N.S. 1977, c.7.

[2] R.S.N.S. 1967, c. 42.

All woodlot owners in the group venture area are eligible to apply for membership although to qualify for the subsidies, the woodlot must usually be a minimum of 10 ha (25 ac)[1]. The group venture must have 10 woodlot owners each owning a minimum of 40 ha (100 ac) before qualifying to deliver government-funded forestry programs, and only one group venture may qualify in an area. The woodlot owner becomes a shareholder by purchasing at least one share. The number of members in each of the seventeen groups varies from less than 50 to over 150, reaching a total of over 1,000 woodlot owners and putting over 60,000 ha (150,000 ac) under management.[2]

The group venture is operated by a board of directors elected by the shareholders at the annual meeting. Although it has little decision-making power regarding the actual implementation of the programs, the board does have significant leeway in determining such matters as management fees, membership requirements, hiring of staff, salary levels and policy statements. Staff generally consists of four people: a manager, who reports to the board of directors, and plans activities and supervises staff; a forester, who prepares woodlot management plans and assists in the planning of services; a field supervisor, who supervises the carrying out of services; and an office supervisor.

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[1] This is a policy set by the Groups' Boards of Directors. This policy is variable between groups depending on the Board's wishes.

[2] This represents less than 5% of the province's 30,000 woodlot owners, although the percentage varies from region to region.

To join a group venture, a woodlot owner applies to the group to have the woodlot placed under management. The group forester visits the woodlot and discusses the signing of a management agreement between the woodlot owner and the group venture. The management agreement describes the obligations of both parties. The group venture agrees, among other things, to prepare a management plan for the woodlot with an annual operating plan; to undertake to carry out forestry improvement work within the limits and guidelines of the subsidy programs; to act as marketing agent; and to provide technical advice on forestry matters. The landowner agrees, among other things, to commit the property to management under the group venture program for ten years, with the option to cancel or renew at that time; and to market all forest products through the group venture. If the property is taken out of management, the landowner may be required to reimburse the group venture for services rendered. The agreement binds the property with the result that if the property is sold, the purchaser is obligated to carry on the agreement.

The group venture must also sign agreements with both the provincial and federal governments. The province has a 10-year agreement with each group venture to provide operational funding. The federal government has an agreement with each group venture to provide funds for forest improvement activities. The length of the latter agreements is determined by the time remaining in the Forest Resource Development Agreement from their date of signing.

Government-funded activities are subject to approved rates and guidelines, and in carrying out the federally-funded and supervised silviculture activities, the group venture must follow a manual of procedures and standards. The group venture ensures work is carried out on members' properties, and the government pays them for work done that meets specified standards.

The actual silviculture or harvesting activities may be carried out by a group venture crew, a contractor or the woodlot owner. Only about 20% of woodlot owners do their own work and only a few group ventures still have their own crews. Most work is therefore contracted out.

Funding

A group venture runs three accounts: an operating account; a forest improvement account; and a harvesting account. The operating account pays for such things as rent, office expenses and salaries of all staff members except that of the field supervisor. These costs average approximately $75,000 per year per group[1] and are funded by the provincial government as well as by a levy on each unit of wood sold to the group venture. The levy is 5% of the roadside value of the wood and may only be used to offset the operating costs. However, the levy offsets only a small percentage of the gross amount required. The forest improvement account, which provides funds for silviculture and services, is funded by the federal government out of which 10% may be used to hire a field supervisor.[2] The group venture is required to submit proposals for annual treatment funding. The harvesting account is not subsidized and must therefore be self-sustaining. When wood is sold through the group venture, the mill forwards payment to the group which deducts applicable harvesting costs plus the 5% commission. The balance is remitted to the woodlot owner. In some cases, the group may also deduct a supervision fee.

The group ventures also receive funds from the sale of shares to members with the price per share (up to $100 per share) varying considerably between groups. Since few groups are involved in activities other than administering the programs, there are very few alternate sources of funds.

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[1] D. Eidt, pers. comm., June, 1986.

[2] To a maximum of $25,000.00.

Services

Most importantly, a group venture provides an effective way to deliver government-funded forestry programs to woodlot owners in a manner that seems well suited to local needs. It is very likely that more woodlots and woodlot owners are reached through this mechanism than could be reached by government alone. The forest management services provided include silvicultural activities, road construction and boundary line assistance. The silvicultural activities are intended to ensure the maintenance and improvement of woodlot productivity.

Group ventures are involved in marketing and in some cases negotiate contracts with the mill[1]. The group may also provide the financing of a harvesting operation by paying the woodlot owner for the wood as it is harvested. The group would then receive payment for the wood from the mill when it is delivered. The group helps coordinate deliveries by directing the buyer to wood that is prepared roadside, or may do the trucking itself.

Other services provided by a group venture can include acting as an intermediary between the woodlot owners and government; local employment; providing a local voice in forestry policies and activities; information and advice; use of forestry equipment; demonstrating the effectiveness of forest management; and planning assistance for both new and existing government programs. In addition to forestry services, group ventures also provide social benefits by bringing people together and creating a sense of cooperation in the community, and by changing people's attitudes towards forestry. The groups make a strong contribution to community education and the development of a forestry ethic. Some groups consider favourably the idea of eventually becoming involved in processing of wood products.

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[1] These negotiations are unstructured and voluntary. No group venture as yet has been certified as a bargaining agent under the forest products marketing legislation.

DISCUSSION

The forming of effective woodlot owner organizations is never an easy task, but in Nova Scotia it seems to have been particularly difficult. Groups have formed and split, or disappeared; roles of groups overlap; and many people - particularly woodlot owners - seem confused about who does what for whom, and where it is all going.

The Nova Scotia Woodlot Owners and Operators Association spearheaded organizational efforts and at one time had county associations in the majority of counties. When it formed the suppliers divisions and focused virtually all of its efforts on marketing concerns, many county associations became inactive. The situation today for the NSWOOA looks grim with few county associations still active, a decertification bid pending for its only remaining active suppliers division, and scarce resources.

The Scotts Suppliers Division of the NSWOOA can claim some successes with regard to negotiating price increases[1] and organizing some aspects of marketing. However, there is dissatisfaction with its quota system, its levy, and its perceived ineffectiveness in dealing with the mill. The quota system, based on historical production, is highly restrictive and substantially hinders flexibility to allow new producers to market wood or to allocate markets according to local needs. All producers, whether members of the supplier division or not, must pay the levy since all producers are affected by the terms of the negotiated agreement. Members of a group venture within the area of a bargaining agent must pay both the levy to the bargaining agent and a commission to the group venture.

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[1] Its first collective agreement resulted in a $9.00 per cord increase for softwood.

The effectiveness of a supplier's division is directly related to the marketing legislation and the degree of government support in its dealings with the mill. The marketing legislation has been weak. Until the new act was passed, there was no mechanism such as arbitration to resolve disputes. The new act provides a mechanism but it only applies to price. There is still no mechanism to resolve disputes relating to matters such as quotas, volumes, and delivery schedules. The result is that without strong government support, the wood producers are left with little leverage to apply in negotiations, and are often put in a take-it-or-leave-it situation. This then leads to a perceived ineffectiveness which leads to discontent, disagreement, and division within and between organizations. Most group ventures that were once members of the suppliers division, for example, have left it believing they can do better on their own.

Many organizations which presently exist in Nova Scotia are offshoots of the NSWOOA. For example, some of the county associations were the basis for the formation of many group ventures, and the Eastern Nova Scotia Landowners and Forest Fiber Producers Association (ENSLFFPA) started as the NSFI division of the NSWOOA. The ENSLFFPA seems relatively stable although it experiences many of the same problems as the Scott Suppliers Division. One major difference, however, is that the mill it supplies - Stora Forest Industries (formerly NSFI) - relies more heavily on wood produced privately than does Scott Paper. The ENSLFFPA claims most of the group ventures in the area as its members, and claims that, together with the Federation (NSFLFFPA), 6,000 woodlot owners are represented across Nova Scotia. These membership claims are met with considerable skepticism by many, and at least one of the county associations disclaims any continuing involvement with the Federation.

The future of the Federation is uncertain at this time but it aspires to represent all woodlot owners and wood producers of Nova Scotia. If the Scott Suppliers Division loses its certification through the NSWOOA as bargaining agent, the Federation may expand into its region and apply for registration as bargaining agent for suppliers to the Scott mill. On the other hand, the Scott Suppliers Division may retain its certification or, if it doesn't, may go the same route as the NSFI division and form an autonomous organization and apply for registration on its own. The Western Region of Nova Scotia remains unorganized for marketing and bargaining purposes, although a western branch of the Federation has been established there.

Group ventures in Nova Scotia began with the realization that to effectively deliver forestry services to the province's woodlots - which comprise over 50% of the forests owned by over 30,000 individuals - a grassroots organization would be needed to coordinate and direct activities. It is a program conceived and started by government, using government funds.

The groups were initially intended to become self-sufficient over time by reducing funding as harvest levels - and therefore profits from commissions - increased. Self-sufficiency depends on such factors as number of members, available wood supply and markets, potential area and price of wood. Although it is still discussed, it is generally agreed that self-sufficiency will not be possible, at least not in the short term. The groups therefore rely on continued government funding for their very existence and if they continue, it has been suggested that the cost to government may become prohibitive.[1]

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[1] Province of Nova Scotia, Subsidiary Agreement for Forestry, Interim Evaluation, MacLaren Plansearch, 1981.

The group ventures are facing many problems, not the least of which is marketing of low quality material produced both from forest improvement operations and wood harvesting operations. It has become necessary in many cases to either delay or forego treatments that produce merchantable wood, or use scarce funds to carry an inventory of wood until it can be sold. It is difficult to properly manage a woodlot without a guaranteed access to markets, and a group venture can easily be prevented from reaching production targets for silvicultural activities as a result.

Disincentives for a woodlot owner to join a group venture include the long-term committment to a management plan. The flexibility does not exist to do small amounts of work to entice the woodlot owner to commit the entire property to a management plan. In addition, many woodlot owners view the group venture as an arm of government although it is possible to obtain subsidized services as an individual without joining a group venture. Group ventures themselves are ambivalent about their relationship with government. Some view themselves as an arm of government while others view themselves as an autonomous organization providing a service using public funds. Government's view of group ventures also varies, but they are clearly viewed as a means by which to implement government policies.

However, the major concern about the group ventures is that they reach a relatively low (about 5%) proportion of all woodlot owners. Yet at the same time the numbers of group ventures have grown rapidly and demand for the formation of new ones remains strong. They may be another level of government but they are local and seem to be well accepted in their areas. They are very effective in getting the woodlot owner involved in the management of the woodlot and it is acknowledged that they reach more people than the government alone could reach. It is likely that the government alone could not provide the same services for the same amount of money. The full service approach of the group ventures can be particularly appealing to non-resident woodlot owners or others who want their woodlot managed but are unable to do it themselves.

Expressing a profit-oriented philosophy, many group ventures feel they would benefit from less government red tape or procedure. Although most group ventures have wide charters which would permit diversification, they restrict their range of action to government-funded forestry activities. Perhaps a broader-based diversification would speed self-sufficiency.

The continuing existence of group ventures in Nova Scotia seems assured since the government's intent as expressed in the New Forest Policy[1] and the resulting new legislation is to continue to support and promote them. However, as costs and the number of group ventures increase, the format of the group venture program and the amount of subsidies available may be subject to change. For example, it is often mentioned that the group venture administrative structure is inefficient, and may benefit from changes to promote efficiency and provide incentives towards self-sufficiency. Also, since the group ventures represent a small portion of woodlot owners, other woodlot owners may object to the amount of money and attention being focused on the group ventures. At least one county association has already stated that its major purpose is to voice that concern - a development similar to that occurring in Quebec. It was suggested more than once that group ventures should not received administrative funds and should be required to compete for access to available forest improvement funds along with individual woodlot owners and silvicultural contractors. In those circumstances, many group ventures may not survive.

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1. Forestry, A New Policy for Nova Scotia, Province of Nova Scotia, 1986.

The group ventures would probably benefit from some form of common voice but seem reluctant to form any kind of umbrella organization. However, with group ventures popping up everywhere, some form of reorganization may be inevitable. Fewer larger groups may be more efficient than several smaller ones, although this must be balanced against the possible loss of local contact. There is a small degree of communication between group ventures; in the western end of Nova Scotia, for example, the five group ventures meet informally on a regular basis to discuss issues of common concern. It is conceivable that group ventures could be registered as bargaining agents under the new legislation, but so far only a few have expressed interest in this.

Involvement of the forest industry in providing forest management services to woodlot owners is fairly limited. Until recently, one pulp and paper company had a program whereby the woodlot owner would sign a long-term management agreement with the company under which the company would prepare a management plan for the woodlot and carry out silvicultural activities in return for rights of first refusal on pulpwood. This program has put about 8,000 ha (20,000 ac) under management but has not been expanded since the new Federal/Provincial Forestry Agreement was signed, in the belief that it offered a better deal to woodlot owners. However, obligations under current agreements with woodlot owners are still being fulfilled by the company.

The marketing structure as it has developed in Nova Scotia has been relatively ineffective. Successes have been modest and few, and the many organizations now involved seem to lack a sense of unity and common direction. This might be partly based on the weak legislation, but it may also be partly based on how the organizations developed. Those involved in the early efforts admit that organizations were formed from the top down, rather than developing locally and branching out after achieving local stability. By attempting to form the provincial marketing agency right at the start, perhaps it was asking for too much too soon, and without broad based support. Perhaps basing the system on wood producers rather than woodlot owners is a weak point which may have resulted in a loss of support for the fledging bargaining structure among the more numerous woodlot owners. It is arguable whether the new legislation will provide an adequate framework within which woodlot owners and producers can effectively organize. Some observers have suggested that the system be allowed to fall apart and start again. This may be extreme, but organized marketing in Nova Scotia has not yet gelled into a smoothly functioning system and many organizations involved seem to be losing sight of their mutual goals.

However, the movement is still young, and the new forestry policy promises substantial support for woodlot owners and their concerns. Among other things, it acknowledges that marketing is a critical concern and suggests private wood should receive a priority in the marketplace. With so much of its forest land base comprised of woodlots, and so much interest and activity in the woodlot sector, the outlook for Nova Scotia's woodlot owners should be both interesting and promising.

NEW BRUNSWICK

INTRODUCTION

New Brunswick is Canada's most heavily forested province, with fully 85% of its land area comprised of productive forest. It boasts the highest amount of wood produced per hectare of any province in Canada but, along with most other provinces, is predicting a wood shortage due to occur around the turn of the century.

The industry relying on the forest resource is comprised of 10 pulp and paper mills, over 100 sawmills, and numerous other mills producing various types of wood products. Fully 60% of the primary forest products produced are used by the pulp and paper industry. The forest industry provides approximately 15,000 direct jobs and almost as many indirect jobs, thus playing an important economic role in all regions of the province. The industry accounts for 30% of the total provincial industrial output. Two-thirds of the forest industry's sales are exported, amounting to 40% of the total provincial exports.

Of the forest land, 47% is owned by the provincial crown, 2% by the federal crown, 18% by large private owners and 33% by small private[1] (less than 5000 ac. (2023 ha)) owners. Woodlots, being close to roads and habitation, have been more intensively cut than other ownerships, and therefore have less wood per hectare. However, for the same reason, the age class distribution of the forests on woodlots is more evenly balanced such that the woodlot sector will have a particularly important role to play regarding the wood shortage.

There are approximately 35,000 woodlot owners in New Brunswick, who own an average of 40 ha (100 ac) each. This is a very heterogeneous group with only about 19% representing the primary sector (farmers, fishermen, woodsworkers). The balance are blue or white collar workers, housekeepers or retired people[1]. Most woodlots are owned for reasons other than timber production and on average the owners receive less than 10% of their income from woodlot products.

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[1] Properties of less than 5000 acres whose owners are not directly involved in the wood-processing sector.

New Brunswick's woodlot owners have organized into seven regional marketing boards (Figure 6), grouped under the New Brunswick Federation of Woodlot Owners which represents them at the provincial level. Most marketing boards are closely associated with a separate organization, formed as an association or company or, in one case, a wood cooperative. In one marketing board area there are two group ventures operating.

HISTORICAL

New Brunswick's existing woodlot owner organizations date back to the early 1960s. The formation of the marketing boards was inspired in part by the Quebec example, which is likely why the first boards were formed in the northern parts of the province near the Quebec border. Prior to the formation of the marketing boards, wood produced by private producers was marketed primarily through the purchasing agents of the mills and the exporters, or independent buyers and brokers. The marketplace was characterized by unsteady demand and low prices. As an attempt to counteract this lack of control over price and deliveries, woodlot owners in the northwestern part of the province formed the first forest products marketing board in 1962. The organizational effort was promoted by the local branch of the Federation of Agriculture, which was promoting the formation of marketing boards in all commodities. The vote was held in the form of a petition, which was signed by an overwhelming majority of woodlot owners in the area.

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[1] Arsenault, F.J., Private Woodlots: What Does the Future Hold?, Report of the New Brunswick Private Woodlot Resources Study, 1983.

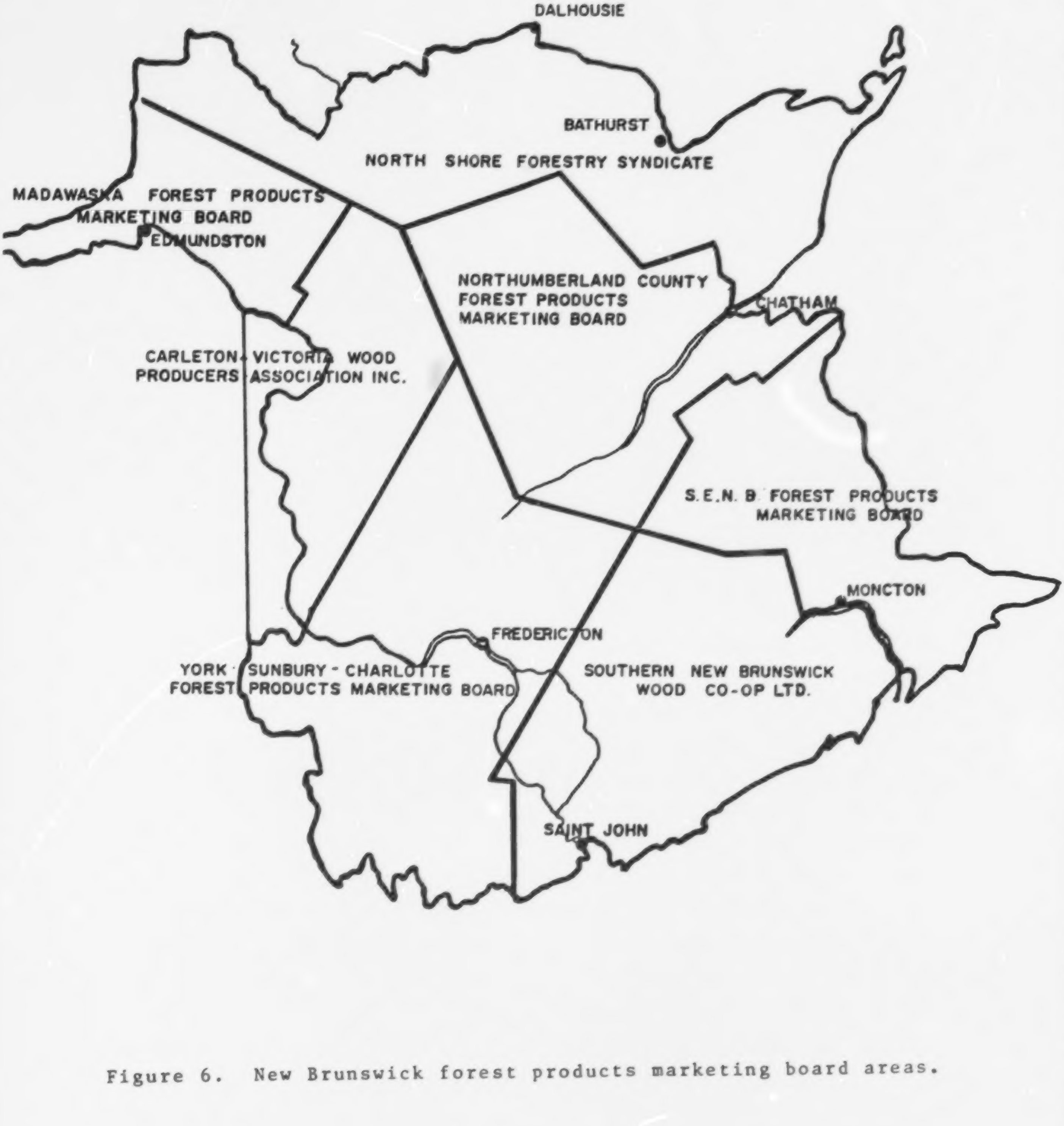
DALHOUSIE
BATHURST
NORTH SHORE FORESTRY SYNDICATE
MADAWASKA FOREST PRODUCTS MARKETING BOARD
EDMUNDSTON
NORTHUMBERLAND COUNTY FOREST PRODUCTS MARKETING BOARD
CHATHAM
CARLETON - VICTORIA WOOD PRODUCERS ASSOCIATION INC.
S.E.N.B. FOREST PRODUCTS MARKETING BOARD
MONCTON
FREDERICTON
YORK - SUNBURY - CHARLOTTE FOREST PRODUCTS MARKETING BOARD
SOUTHERN NEW BRUNSWICK WOOD CO-OP LTD.
SAINT JOHN

Figure 6. New Brunswick forest products marketing board areas.

The movement was given a boost in 1964 by the report of the Seheult Commission[1] which recommended, among other things, the establishment of a minimum price for pulpwood and that woodlot owners and producers should organize in order to be able to improve their position.

In the later 1960s, the second marketing board was established in the southeastern part of the province but it only lasted two years before having its marketing authority removed. It lost the support of producers when a company raised its price after negotiating a contract with the board. This caused producers to avoid selling wood through the marketing board's contract and sell directly to the company instead. Following this experience, the government formed the Forest Products Commission in 1971 primarily to supervise the formation of other marketing boards. Guidelines were established to ensure they would have adequate support, and to oversee the bargaining process.

Organizational efforts began in earnest in the early 1970s and continued until 1983 - 21 years after the first - when the last area was organized such that all regions of the province are now covered by a forest products marketing board. The last four boards to form had financial assistance from the government for both organizational efforts and the first year or two of operation. Direct support for these groups began following the 1974 Forest Resources Study (the Tweedale Report)[2] which recommended, among other things, that collective marketing of wood from woodlots be encouraged. The forest industry resisted the formation of marketing boards, and although the boards are presently grudgingly accepted as partners in the forest sector, industry continues to try to reduce their scope and effectiveness. Today, over 90% of pulpwood produced from woodlots, and a substantial proportion of sawlogs, are marketed through a marketing board contract.

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[1] Seheult, L.R., Report of the Royal Commission on Primary Forest Products in New Brunswick, Province of New Brunswick, 1964.

[2] Tweedale, R.E., Report of the Forest Resources Study, Province of New Brunswick, 1974.

Prior to the formation of the marketing boards, most areas of the province had a regional woodlot owner association which became the promoter and organizer of the marketing board. Their main role was one of lobbying. They were not involved in negotiations or wood deliveries, and did little to promote forest management. Around 1965, the six local organizations representing woodlot owners and producers, and the marketing board already in existence grouped together as an informal, loosely knit federation, thereby providing some coordination and some exchange of information. In 1977, this group was formally incorporated as a non-profit company[1] named the New Brunswick Federation of Wood Producers Incorporated. Its name was changed in 1982 to the New Brunswick Federation of Woodlot Owners Incorporated.

Interest in managing woodlots began seriously in the early 1970s with the realization that industrial capacity exceeded the sustainable supply of wood. and that wood from woodlots would be needed to overcome the shortfall. Long-term silvicultural investments began in the mid 1970s and continue under the current Federal/Provincial Forest Renewal Subsidiary Agreement[2]. Funds were initially administered through the provincial government for silvicultural activities on woodlots but are now administered through the Federation and its member boards.

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[1] Under the Companies Act, R.S.N.B. 1973, c. 13.

[2] Canada/New Brunswick Forest Renewal Subsidiary Agreement 1934-1989, Government of Canada, Province of New Brunswick, 1985.

ORGANIZATIONS

New Brunswick Federation of Woodlot Owners Inc.

Objectives

The New Brunswick Federation of Woodlot Owners (NBFWO) is a non-profit company formed to represent its regional member groups at the provincial level, and provide an opportunity for input to government policies. Its primary purpose is to promote the bargaining of a fair price for all wood producers. In addition, its goals include: to encourage and promote good forest management on woodlots; to encourage and promote good relations with wood using industries; to encourage the expansion of industry; and to cooperate with government and other organizations with similar objectives.

Structure and Operation

The Federation acts as the umbrella organization for the seven forest products marketing boards in the Province, which in turn represent woodlot owners and producers in their areas (Figure 7). The Board of Directors of the Federation is comprised of eight members of which seven are appointed for a one-year term by the marketing boards they represent. The president is elected at the annual meeting to be representative at large and may not be chosen from the seven directors. A vice-president and a treasurer are elected from the seven directors at the first directors' meeting following the annual meeting. Federation staff consists of an executive director; a silviculture program coordinator; and an office clerk.

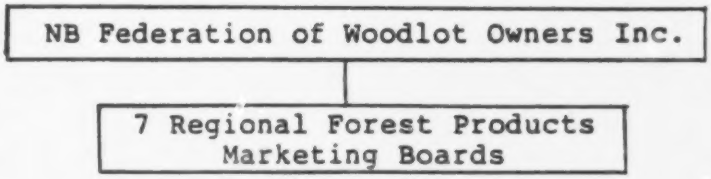
NB Federation of Woodlot Owners Inc.
7 Regional Forest Products Marketing Boards

Figure 7. New Brunswick Federation of Woodlot Owners Organizational Structure.

Positions on issues are always arrived after extensive consultations with the member boards or any other people or organizations that may be affected or can have useful input. While dealings with the forest industry are usually conducted through the regional boards, dealings with government are usually conducted through the Federation to provide a unified voice in influencing government policies.

Financing

Until the late 1970s, the Federation was funded by operating grants from the provincial government and a very small levy (one cent per cord) contributed by the member organizations for wood sold under contract. Presently, a levy of ten cents per cord is the sole source of operational funds, also contributed by the member boards for each unit of wood sold under contract. In addition, the Federation receives administrative funds under the Federal/Provincial Forest Renewal Subsidiary Agreement to hire a program coordinator who administers government funds directed to woodlots.

Services

The Federation acts as a lobby group making input to forestry policies and is a representative voice for woodlot owners and producers on all matters relating to woodlots, particularly those related to the marketing of wood. In addition, it helps coordinate various activities of the marketing boards and provides an important vehicle for communication between boards, especially during annual contract negotiations. It provides to the Boards useful and up-to-date information on economic indicators, wood flow statistics, and activities and positions of government and industry.

The Federation recently became part owner (22% shareholder) in partnership with an established private company and the mill employees of Atlantic Waferboard Incorporated, a particle board plant that had been idle for several years. The Federation's degree of ownership was exchanged for lower prices of wood, and entitles them to two members on the Board of Directors. This new development holds the potential not only to increase the Federation's awareness of forest industry issues and activities, but also may increase their input and leverage regarding forestry policies in the Province. In addition, new markets are provided for woodlot owners.

Government subsidized woodlot improvement programs are administered through the Federation and its seven marketing board members. Initially, the provincial government administered funds, working through the marketing boards or other woodlot owner organizations existing at the time. In 1980, it was determined that it might be beneficial to give the responsibility to the Federation, which would then deal with the regional organizations. The Federation, therefore, provides the administrative structure for the delivery of federal/provincial forest subsidies to woodlots. Monies are allocated among the seven marketing boards according to a formula developed by the Federation based on numbers of woodlot owners and hectares of woodlots per board, and historical silviculture program expenditures.[1]

Staffing consists of an administrator hired by the Federation, eight silviculture managers hired by the seven boards (one has two silviculture managers) as well as office clerks, bookkeepers and seasonal forest technicians in some cases. Actual forest improvement work is carried out in some areas by a marketing board crew, and in others by silviculture contractors; as well, woodlot owners may elect to do the work themselves. Technical assistance and monitoring are provided by regional staff of the Canadian Forestry Service.

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[1] All funding levels are subject to government approval.

Marketing Boards

Legislative Basis

In organizing for marketing purposes, New Brunswick's woodlot owners used existing agricultural legislation as the legal basis for collective bargaining. Therefore, the enabling legislation for the forest products marketing boards is the Farm Products Marketing Act[1]. The purpose of this Act is to promote, control and regulate the marketing of farm products. The definition of farm products includes forest products, thereby permitting the application of the Act to wood from woodlots.

The Act operates by means of marketing plans, which are passed as regulations under the Act, and which create the marketing boards. The marketing plan may apply to the whole province or to a specific area, and to a specific commodity. The wood marketing boards are regional in nature and apply to all primary forest products except maple products and Christmas trees. The plans contain, among other things, the objectives of the Board; administrative procedures; powers and responsibilities; a description of the geographical area of the board; the structure and operation of the Board of Directors; and procedures for elections and meetings. The wood marketing plans vary from one area to another but all must conform to the Act. Each plan provides the Board with the exclusive right to negotiate wood prices and marketing

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1. R.S.N.B. 1973, c. F-61.

conditions with wood purchasers on behalf of all woodlot owners and producers in its region.

The formation and operation of the forest products marketing boards are supervised by the Forest Products Commission, a government appointed agency formed under the Forest Products Act[1]. This Act outlines the structure, operation and duties of the Commission. Section 12(2) of the Farm Products Marketing Act vests the Forest Products Commission with the powers of the Farm Products Marketing Commission which include the powers to resolve disputes, supervise relations between buyers and sellers, and powers of investigation.

The Forest Products Act is administered by the Provincial Department of Natural Resources and Energy. Until 1971, it was administered by the Department of Agriculture.

The object of the Forest Products Commission is to encourage and facilitate the expansion of markets and the achievement of equitable prices for both producers and consumers of wood. Established in 1971, its initial role was primarily to supervise and establish guidelines for the formation of new wood marketing boards. Now that all regions are covered by a marketing plan, its primary role is to supervise the negotiations between the boards and the forest industry. It is comprised of seven members: two representing industry, two representing woodlot owners and producers, one Department of Agriculture appointee, one Department of Natural Resources and Energy appointee and one independent Chairman appointed by the Minister of Natural Resources and Energy.

In 1977, the Commission developed negotiating agency regulations with input from industry, woodlot owners and government. These regulations contained negotiating procedures, timetables, deadlines, composition requirements of negotiating teams and conciliation and arbitration procedures. For example, each marketing board must name a negotiating team of no more than five people by a certain date for each processor with whom it intends to negotiate. In turn, processors must do the same for each marketing board that desires to negotiate with it.

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[1] R.S.N.B. 1973, c. F-21.

Negotiations must start by a certain date, and if an agreement is not concluded by a specified later date, either party may request conciliation. Requests are made to the Commission and a conciliator will be appointed if the parties cannot agree on one. If this does not produce an agreement by a certain date, either party may request arbitration. Again, the Commission will appoint an arbitrator if the parties cannot agree on one, and the arbitrator's decision is final and binding on both parties. The regulations, therefore, provide a vehicle that assures an agreement will be reached within a reasonable time. It is believed that the inclusion of specific deadlines strengthens the bargaining positions of the marketing boards.

The Commission also has the power to recommend to the Minister that a mill's crown cutting permits be witheld pending an agreement being reached with the marketing board, which may further strengthen the board's bargaining position if the government is prepared to support it and if the mills rely heavily on crown wood at the time negotiations are taking place. The negotiating teams may negotiate wood prices, volumes, delivery schedules and any other matter related to wood marketing. Arbitration may apply to any matter eligible for negotiation, as determined by the Commission. Arbitration on volume, however, is not permitted by the Commission.

The number of negotiations has increased dramatically from 10 in 1978 to 126 in 1986[1]. The increase results from new marketing boards being formed and more interest among smaller processors in negotiating contracts.

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[1] J. Ian MacDonald, pers. comm. July 1, 1986.

To form a wood marketing board, a group of producers must apply to the Commission to hold a plebiscite in a specified area. The producer group then prepares a marketing plan in conjunction with the Commission. The Commission must insure that the new board will represent the majority of woodlot owners and producers in the area, and determines voter qualifications and voting criteria. A voter must own, or control cutting rights on, a minimum of 10 ha (25 ac) of forested land. Prior to 1981, a successful plebiscite required that those voting own at least 50% of the total area of woodlots in the region and that 75% of those voting must vote in favour. Present criteria require that 30% of potential voters must vote, and that two-thirds of those voting must vote in favour. In most cases, over 90% of voters voted in favour of the formation of marketing boards. Following a successful vote, the Commission recommends the establishment of a marketing board in the area.

Objectives

Marketing boards are primarily intended to provide woodlot owners and operators with the authority (given to them through legislation) to negotiate with processors to obtain stable markets and fair prices and create a more balanced relationship between buyers and sellers. Other goals include: to promote expansion of existing markets and the creation of new ones; to encourage the production of high quality material; and to promote effective management of the woodlot resource.

Structure and Operation

The marketing boards are organized on a regional basis. Each board is comprised of several districts. The board of directors is generally formed of one director per district, usually elected in that district unless the election takes place at the annual general meeting. Directors are elected by producers, with a producer defined as a person who produces wood for sale. Two marketing boards[1] define a producer as one who owns cutting rights on at least 10 ha (25 ac) of forest land and who produces wood, and one marketing board[2] requires that directors be elected by bona fide woodlot owners. The number of directors varies but in one case is as high as 60 directors. In this area (southern New Brunswick), the marketing board also operates a smaller executive committee comprised of nine members.

The president, vice-president, and other members of the executive are elected from the directors, usually at the annual meeting, and the marketing board manager and other staff members are responsible to the board of directors. Each marketing board appoints one person to represent them on the board of directors of the NBFWO.

Most of the marketing boards operate with a dual structure: the marketing board itself, and a second, legally separate organization formed as a non-profit company, an association or, in one case, a co-op. Operating in this fashion provides the organizations with more flexibility since the marketing boards' activities are primarily centred around marketing. The second organization is generally the predecessor to the marketing board that was maintained after the marketing board was formed. Often, the boards of directors are the same for both organizations or, if not, they have directors in common. In one area, the second organization, by an order of the marketing board, administers the marketing plan - an approach similar to that used in Quebec.

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1. North Shore Forest Products Marketing Board, Regulation 83-222 and Northumberland Forest Products Marketing Board, Regulation 83-223.

2. South Eastern New Brunswick Forest Products Marketing Board, Regulation 83-224.

With the exception of three marketing boards, the second organizations are used primarily as the vehicle with which to administer and deliver the subsidized forestry programs. Otherwise, the marketing board itself administers the program.[1] To focus more attention on forest management issues, most marketing boards operate a forest management committee which makes recommendations to the board of directors.

In addition to administering subsidy programs, two marketing boards administer their own forest management funds. In one area, a levy of ten cents per cord of wood delivered is part of the regular check-off to the Board and given to the management committee to spend on woodlot management plans or to provide information or communication services. In the second area, the marketing board deducts fifty cents per cord, which is retained in a fund in the producer's name and which can be used for forest improvement activities for that producer. If not used within a specified time, it goes into a general fund operated on a first-come-first-served basis. Activities include reforestation, thinning, selective harvesting and preparation of management plans. In addition, a major processor in the area will contribute fifty cents per cord to producers for each cord delivered but only if the forest improvement work is completed within a specified time.

The marketing boards do not control the production of wood, rather only the marketing of wood that is offered for sale. Nor are they exclusive sales agents; producers are free to negotiate their own contract with processors outside the marketing board contract. However, this undermines the marketing board's ability to regulate the market, and most processors find it more convenient to deal only with the marketing board.

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1. The operation of the subsidized program is discussed under the NBFWO section.

Wood deliveries are controlled through the use of delivery tickets whereby one ticket represents one truck load of wood. Most boards also operate quota systems, which vary between boards and even within boards, depending on regional or local needs. Normally, though, a proportion of the contracted volumes is reserved for large producers, with the balance reserved for small producers on first-come-first-served basis. In one area, delivery tickets are given directly to the woodlot owners rather than the producers, and the field man is hired to verify quantities to be delivered. The woodlot owner then decides who to hire to deliver the wood. Marketing boards also attempt to encourage best end-use of wood, and at least one area operates a ratio system which ties the availability of pulpwood delivery tickets to the quantity of sawlogs produced, thereby encouraging sawlog production and reducing the pressure for pulpwood marketing.

The marketing boards are encouraged by the government not to exceed the sustainable yield in their areas regarding volumes produced under contract each year. Arbitration is only available for volumes if the annual volume sought does not exceed the annual sustainable yield by a maximum of 10%, and provided that volumes produced over a five-year period do not exceed a calculated five-year sustainable yield volume by more than five percent. Wood prices negotiated are usually mill delivered prices which vary according to distance from the mill in order to accommodate increased trucking costs for greater distances. One area, following negotiations, sets a roadside price for the entire delivery area and ensures it is adhered to by licensing buyers and truckers. No attempt is made to set stumpage values; this is a matter between the individual woodlot owner and the contractor unless the woodlot owner produces the wood himself. The percentage of wood in any given area produced by contractors varies between 5% and 75% and averages about 40%[1]. Woodlot owners may be paid directly by the contractor, or by the marketing board.

Financing

The four most recently formed marketing boards received government financial assistance for establishment and the first year or two of operation. Operating costs for all the marketing boards are now financed solely by a levy on each unit of wood sold under their contracts, and may range up to 2% of the negotiated price. The marketing boards also receive funds under the Federal/Provincial Forest Renewal Subsidiary Agreement to hire staff to administer and deliver the programs directed to woodlots. Most costs of the selected forest improvement activities are funded under the programs of this agreement. In two areas, some activities are funded by a forest improvement fund.

Services

The services provided by a marketing board and its related organization are related mainly to marketing and include negotiating contracts; arranging wood deliveries; and lobbying government. Up to 90% of wood from woodlots is marketed under marketing board contracts. The boards promote market diversification and in some areas the percentage of sawlogs produced is up to 40% of total production. At least one marketing board provides market priority - up to 100 cords per person - for wood produced under forest management programs. Some areas finance producers by paying them as soon as wood is delivered, based on scale slips from the processor. The processor pays the marketing board for wood delivered on a periodic basis, weekly or bi-weekly.

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1. P. DeMarsh, pers. comm. July 4, 1986.

Other services provided by a marketing board include administration of forestry subsidy programs; technical services both within and outside of these programs; training and education of woodlot owners and producers; regional representation of woodlot owners and producers; promotion of forest management; the negotiation of forest management funding from various sources; and provision of a forum for woodlot owners and producers to exchange information and voice their concerns.

Other Organizations

Cooperative Associations

The Southern New Brunswick (S.N.B.) marketing board's operation is sufficiently different from the others to be worthy of note. It operates both a marketing board and a wood cooperative. The co-op is formed under the *Cooperative Associations Act*[1], and was started in 1974 when woodlot owners and producers in the area decided a co-op would be preferable to a marketing board. The co-op bought wood from its members and sold it to processors with whom it had negotiated contracts. However, it was felt that a marketing board was needed because of its increased bargaining strength and ability to resolve disputes. Presently, the marketing board is used to negotiate with processors, and the co-op remains as a supplier of wood under negotiated contracts. Sawmills may buy wood directly from producers and pay a fee to the marketing board. Pulp and paper mills may not. The co-op continues to buy wood from its members, arrange for delivery and make payments to members for wood produced. Profits are paid to members as rebates or retained as working capital in the producer's name. In essence the marketing board uses the services of the co-op to fulfill its contract obligations.

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[1] R.S.N.B. 1973, c. C-22.

The co-op is operated by a board of directors, with each director elected in the region they represent. To be a director, the member must have produced wood within the last year, and some directors of the co-op are also directors of the marketing board. The co-op has 1,200 members from about 5,000 woodlot owners in the area covered by the co-op. Members must own a woodlot or be involved in wood production. Shares are sold for $5.00 each, and as a co-op, each member has one vote. The co-op is financed both by sale of shares to members and sale of their wood to processors. Wood is also purchased from non-members, but no rebates are paid. Since it is the co-op which administers the private woodlot forestry subsidies, funds are also received to hire staff for these purposes. The co-op is similar to a large group venture, with good local contact with members. It also acts as the operational arm of the marketing board, and all staff members are employees of the co-op.

Group Ventures

In the late 1970 in the North Shore marketing board area, government grants were received to promote and organize group ventures formed as independent share capital companies based in part on the Quebec model. There were as many as five; however, only two remain. one of which is active. Their major reason for forming was job creation using government programs and they tended not to be profit oriented. The one that is still active owns its own woodland (160 ha (400 ac)), owns some small machinery and does silviculture work for its members using the forestry subsidies administered by the marketing board. Members commit their land to be managed by the group venture for five years. If wood is produced, the group venture pays the woodlot owner 30% of the roadside value as stumpage. Financing is from profits from wood sales and other related services carried out from time-to-time for outside clients.

DISCUSSION

The woodlot owner groups in New Brunswick are relatively stable organizations that have achieved a secure and distinct role in the forest sector as representatives of woodlot owners and producers. The seven marketing boards and their Federation are essentially the only structures that exist.

The marketing boards have proven to be effective in achieving their goals. In the years 1973 to 1984, prices increased an average of 10% over the cost-of-living index for the same period[1]. Prices and stumpage values tend to be higher than in some neighbouring provinces but not as high as in Quebec. Wood deliveries from marketing boards have increased and stabilized from what was previously a marketplace characterized by unsteady demand. The marketplace has changed from one of few buyers and many (thousands) sellers, to one of few buyers and few boards as sellers. Marketing boards also tend to reduce the number of middlemen such as buyers and brokers, unless the board relies on them in its operation. Other spin-off benefits include improved rural economies; increased land values resulting from higher wood prices; and provision to woodlot owners of a mechanism for input to government policies. In addition, improved access to markets is an important prerequisite for forest management activities, and the marketing structure has been an effective and reliable mechanism for the delivery of forestry subsidies.

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1. DeMarsh, P., Private Woodlot Owners in New Brunswick and Their Relationship with Industry and State, 1960-1986, Paper presented at Small Scale Forestry Conference, Finland, 1986.

Wood surpluses can cause significant problems for the marketing boards. A current combination of high unemployment - which causes many people to cut wood on private land - and mortality caused by the spruce budworm is causing more wood to be offered for sale than the markets can accommodate. This problem can be exacerbated by weak demands for wood caused by the same economic conditions which lead to the high unemployment. The marketing boards are then faced with the problems associated with allocating markets. This is where the government's policy of giving private wood a priority access to market begins to break down. All suppliers of wood face similar problems and rather than favour one supplier over another, the government has opted for a policy of proportionate reduction of volumes in times of decreased demand. This is seen by the woodlot owner organizations as a continuation of crown competition. However, the government still requires that processors must reach agreement with the marketing boards for wood deliveries before gaining access to crown wood.

Although the marketing boards' contracts are often limited to calculated sustainable yield volumes, the boards are not exclusive sales agents. It is, therefore, possible to have significant volumes delivered outside the negotiated contracts, which can lead to over-harvesting the resource. Some marketing boards candidly admit they are over-harvesting their areas in order to accommodate increased wood produced as a result of high unemployment, or as a result of the need to salvage budworm damaged wood. Regarding the latter, however, there is no mechanism to insure increased volumes are in fact salvage wood.

A question often raised is whether marketing boards truly represent woodlot owners, or merely producers. For example, most marketing boards negotiate a mill-delivered price only, leaving the woodlot owners to negotiate their own deal with truckers and/or contractors. The result is that an increase in mill-delivered price does not necessarily cause an increase in roadside or stumpage values. Wood delivery tickets are usually allocated to wood producers, giving them significant bargaining strength in relation to the woodlot owners.

There is also an inherent confusion in the marketing board regulations between woodlot owners and producers. Woodlot owners vote on the establishment of the marketing boards, yet most marketing plans specify that only producers may participate in its direction and operation. Large producers have a vested interest in becoming involved in the operation of marketing boards and usually have a great deal of influence even though they rarely represent a majority on the boards of directors. Although technically speaking, small producers and owners are not prevented from attending meetings and making input, many feel they have no role to play within the structure. To counter this, some areas emphasize the second organization (the association, co-op or company) as being the one that represents the woodlot owner, and makes special efforts to reach owners in their area.

Marketing boards are often criticized for not developing long-term goals. Short-term marketing pressures tend to dominate their activities and concerns, but these pressures are significant and must be dealt with, often requiring all the resources a board may have.

In funding forest management activities on woodlots, government objectives are to sustain and increase the long-term wood supply for the forest industry, as well as to develop and maintain an economic base for the rural economy. The forestry objectives are tied to regional development and employment. The woodlot resource is an important source of wood supply, and since woodlot owners have few resources to manage it, assistance is required. However, the demand for funds exceeds the supply and in one area, woodlot owners have indicated an interest in expanding beyond the government programs, believing them to be restrictive and devisive.

Considering that a marketing board's major role is one of marketing, an important issue in New Brunswick is whether the marketing organizations should be involved in the delivery of forestry subsidies. A related concern is whether the marketing boards are the appropriate agencies to undertake long-term planning for the management of the woodlot resource. On one hand, it is argued that the marketing boards are too preoccupied with short-term marketing pressures to deal effectively with long-term management planning. On the other hand, others argue that the two functions of marketing and management are inextricably linked and should be administered under one organization. Certainly a separate organization would have more time to devote to forestry issues, and some areas which operate a forest management committee have achieved a functional separation, with the committee reporting to the board of directors of the marketing board. It is felt by some, however, that this approach leads to division - a concern supported by experiences in other provinces. In organizations which depend on unity for effectiveness and survival, this could be a major concern. One approach might be to have an organization comprised of sections - for example, a marketing section and a forestry section with different directors - which report to a unifying board of directors. One area comes close to this approach now, and another area is considering something similar with the overall board of directors being that of the marketing board. Whether the functions of forest management and marketing are combined or not, they are complementary and require a certain degree of coordination. Without this coordination, the two activities can easily work to the detriment of one another. Consideration is presently being given to whether the marketing boards can use their legal authority to raise funding for forestry activities.

The marketing boards provide a stable economic backbone for the delivery of forestry subsidies making it unnecessary to develop an independent structure for that purpose. Additional savings result from occasional administrative services provided by existing marketing board resources - often resulting in the complaint that the marketing boards are subsidizing the subsidy programs.

It is arguable whether the marketing boards are as effective in delivering management services as group ventures and this question will not be dealt with here. The group venture movement in the northern part of the province has not caught on and prospects for others forming at this time do not look promising. However, the subsidy programs to date have not provided for their promotion and operation. In one marketing board area, a survey conducted by the board indicated that woodlot owners overwhelmingly prefer to have the subsidy programs delivered by the marketing board.

The New Brunswick Private Woodlot Resources Study[1] recommended among other things, that the goal of the marketing boards be expanded to include long-term planning of woodlot management and utilization in cooperation with industry and government, and a recent provincial policy paper endorses this approach.[2] Reaction of the marketing boards and their Federation has been positive and it is likely that tentative steps towards the recommended approach will soon be adopted.

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1. Arsenault, F.J., Private Woodlots: What Does the Future Hold?, Report of the New Brunswick Private Woodlot Resources Study, 1983.

2. Province of New Brunswick, Framework for Action, A Government Policy Statement on Development of Regional Woodlot Management and Utilization Plans in New Brunswick, Department of Forests, Mines and Energy, 1986.

The forest industry's involvement in woodlot management includes one company providing seedlings for reforestation at reduced prices; one presenting annual woodlot owner of the year awards; one company contributing to a forest management fund; another donating equipment; and one that makes an extension forester available to provide advice and planning assistance for woodlot owners.

The future of the woodlot sector of New Brunswick looks bright, with strong organizations in place to represent woodlot owners and producers. Despite lack of agreement regarding priority access to markets for woodlot wood, government support for the groups remains strong. This stable market tends to have a positive effect on woodlot owner attitudes towards forest management and willingness to participate.

PRINCE EDWARD ISLAND

INTRODUCTION

Prince Edward Island is Canada's smallest province, whose total land area consists of 575,000 ha (1,420,000 ac). Of this, 48% or 276,000 ha (682,000 ac) is forested. A large portion (40%) is agricultural land. Approximately 90% of the forests are privately owned, and about 95% of the forest is productive and operable. Most of the annual harvest is used as fuel for commercial and residential heating. The second major use is for the over 50 small local sawmills. A small amount of pulp is exported to pulp mills in neighbouring provinces or perhaps overseas, but this market fluctuates considerably from year-to-year and prices are low. A sawlog shortage is predicted to occur in about 20 years, following a short-term excess of supply.

There are approximately 16,000 woodlot owners in Prince Edward Island who own an average of less than 20 ha (50 ac) each. There are few organizations representing woodlot owners. A forestry co-op in the western region remains active, and there are several associations - not all of which are active - with varying objectives. Forestry subsidy programs are administered by provincial government staff, and have reached approximately 13% of woodlot owners.

ORGANIZATIONS

Cooperatives

At one time, there were four forestry-oriented co-ops in Prince Edward Island. However, all but one have disappeared or are inactive for reasons which include lack of markets or disagreement regarding priority of activities. The remaining active co-op is La Coopérative Forestière Ltée (the Forestry Co-op Limited)[1]. It is a profit-oriented organizations formed in 1980 in the western region of the Province by local individuals with help and input from provincial forestry staff. Its objectives include: to improve members' woodlots by education and demonstration of good management practices; to create employment; and to acquire the necessary equipment and facilities to produce and market wood products.

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[1] Formed under the Cooperative Associations Act, S.P.E.I. 1976, c. 7.

Soon after commencing operation, the Forestry Co-op began offering services outside its own members' properties in an effort to improve its profitability. Since 1980, it has expanded from 10 members to just over 100 today. It is operated by a board of directors elected at the annual meeting, and includes as staff an executive director, an office clerk and a crew foreman. In addition, up to 20 crew members are hired annually to carry out the operations.

Major markets for wood produced consist mainly of local lumber mills with prices for each sale negotiated between the Co-op and the purchaser. Pulp markets are poor and as a result, the Co-op is currently carrying a large inventory of pulpwood. In addition, the Co-op has the potential to create new markets. For example, it has installed a wood chip burning unit at a local school and supplies it with chips. The Co-op also acts as silvicultural contractor in the area, carrying out forest improvement activities funded by the federal/provincial forestry subsidy programs. Any stumpage revenues from wood sales are paid to the woodlot owner by the Co-op.

The Forestry Co-op Limited was started with the assistance of government grants, and continues to receive grants for its administrative costs. However, it hopes to be self-sufficient within two years. Funds are also received from the $15.00 membership fee, and income from operations. No dividends will be paid to members until the Co-op achieves profitability. With the exception of activities funded by programs, all operations must pay for themselves.

Services provided by the Co-op include activities funded by forestry subsidies; training local silviculture crews; educating of woodlot owners and public; and some lobbying and representation on behalf of its members.

Associations

Many forestry-related associations representing woodlot owners have come and gone in Prince Edward Island, virtually all of which were initiated by Provincial forestry staff. In the late 1970s, an attempt was made to establish regional woodlot owner groups in areas matching the five agricultural districts, and a provincial association grouping the regional organizations which would serve as a provincial advisory group on behalf of woodlot owners. However, these and other efforts have failed owing to a lack of concensus among both woodlot owners and government staff about what the objectives of the associations should be. There has been an indistinct role, if any, for them to play in the development and operation of forestry programs, and poor markets have a discouraging effect. Typically, the government would generate interest in an association and provide some support for its promotion and start-up. The association would then recruit members and hold meetings to discuss concerns and possible activities, and then fizzle out after a year or two of operation. A handful of groups continue to survive including one which operates as a logging/firewood enterprise and is marginally self-supporting; one which represents a few large landowners in one region who have grouped for marketing purposes, but which is relatively inactive; one which represents almost 70 members is active in government-funded training programs and serves to refer its members to the government for silvicultural services under the forestry programs; and one, an off-shoot of a co-op that failed, which represents approximately 30 members who have formed for interest and educational purposes only. Financing of these groups is primarily from membership dues although the provincial government may provide some administrative assistance such as mail outs and meeting halls.

DISCUSSION

Prince Edward Island has the highest percentage of forest land in small private ownerhsip of any other province in Canada. However, a 1984 survey of public attitudes towards forestry[1] indicated, among other things, a general lack of interest in forestry; a low awareness of the assistance programs; and a skepticism regarding investments in forestry.

The marketing situation for forest products in Prince Edward Island is a necessary backdrop for further discussion. Local markets include wood needed for commercial and residential heating and small sawmills. There are no pulp mills in the province, but up to four pulp and paper mills on the mainland are economically accessible. However, deliveries to these mills over the years have been sporadic at best and usually only amount to a few thousand cords. Small amounts have been exported overseas, but specifications for export wood are high and difficult to meet. These markets have also been sporadic. The major problem, then, is marketing low quality material within the Province. Biomass for wood heating may hold the greatest potential in this regard, and many major commercial institutions have already made the conversion. However, this is still in the developing stages.

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1. I.E.A. Consulting Group Ltd., Report on a Public Survey of Forestry-Related Attitudes and Awareness in Prince Edward Island, 1984.

Low prices of wood complicate matters further. Returns for wood sales to sawmills were not complained about, but returns for pulp are low, such that if it can be sold, it may only be a break-even operation with little or no stumpage paid to the owner. Returns on wood sales for biomass are presently uncertain but hold some potential as demand increases. Marketing is generally unorganized and not coordinated, and information on existing markets is not readily available to woodlot owners and producers.

Poor markets for low quality material are having a substantial impact on forest improvement activities as well as commercial harvests. Silviculture projects are well below their objectives because merchantable wood produced as a by-product of stand improvements cannot be sold.[1] Efforts are therefore being concentrated on activities such as planting and pre-commercial thinning which do not produce merchantable wood. It becomes attractive to market wood on a break-even basis or perhaps even to subsidize harvests simply to enable stand improvement work to take place. The combination of poor markets for low quality materials, a present surplus of low quality material, and projected shortages of high quality materials place Prince Edward Island in the unenviable position of contributing to the current surplus situation by simply doing the silvicultural work that is necessary to avoid or diminish future shortages.

Wood demand for heating purposes is expected to increase significantly as more institutions convert to wood heat, and shipments of pulpwood to the mainland pulp mills are expected to increase as those mills begin to experience shortages of material locally. In spite of this, however, the current surplus of low quality material is expected to continue for the immediate future.

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[1] 1986 Annual Report (Executive Summary), Canada-Prince Edward Island Forest Resource Development Agreement.

Public forestry programs on Prince Edward Island reflect the Province's inability to compete in traditional markets and are therefore focused on high quality products. Objectives include: to increase the volume and quality of timber resources; to promote the development of the sawmill industry; and to lessen dependence on imported fuel. Expanding the sawmilling industry should result in improved local markets for high quality material and a reduction in lumber import requirements. It is expected that the need to export pulp will be reduced as local markets for sawlogs and biomass open up.

The federal/provincial forestry programs are administered by both federal and provincial forestry staff through three district offices, and the programs directed to the woodlot sector represent their major activity. All silviculture work is carried out by silviculture contractors or the woodlot owners themselves. The programs specify a minimum land area of 4 ha (10 ac) and woodlot owners must agree to keep treated portions of their woodlot in forest production for a minimum of ten years.

Woodlot owner organizations that exist in Prince Edward Island were for the most part initiated by government, indicating little initiative for woodlot owners to organize on their own. This top-down approach is likely the reason that many groups have failed and why many that do exist are relatively inactive; there is simply little motivation. Reasons may be that there are few markets, prices are low, and the government has been taking a leadership role thereby reducing the need for the woodlot owners to do so. However, with such a high percentage of forest land in private ownership, it is little wonder that government made some efforts to organize the woodlot owners into groups with the potential to provide services such as communication, information, marketing and input to government policies. If markets improve, woodlot owners may feel the need to group together to protect their interests. Certainly their chances of success would be greater if they formed on their own, particularly for economic reasons.

An approach being considered by the Province is that of privatizing the delivery of forestry programs to woodlot owners. Since there are no marketing organizations, this might possibly take the form of establishing group ventures, or something similar. This approach may result in several community-based organizations becoming involved in wood marketing and forest management activities on behalf of its members, and may also provide the private sector with more expertise and ability to influence government policies. However, once again the provincial government would be initiating and directing their development as well as providing direct administrative funding. The advantages and disadvantages of the group venture approach in Nova Scotia would be applicable here, but one advantage - that of making the programs more accessible to woodlot owners - does not apply here since there is currently far more demand for services than the programs can supply. In addition, marketing problems are much more severe in Prince Edward Island than in Nova Scotia and would undoubtedly play a major role in determining the success or failure of any new organizations.

The long-term marketing outlook may hold some potential, but the short-term problems represent a major bottleneck both to the ability to fulfill silvicultural objectives and to the formation and success of woodlot owner organizations. Without markets there is little need to organize unless for interest only, or to gain access to government programs. If the latter reason is the major motivation, the organization will in most cases last only as long as the programs.

As with other provinces, a great deal of attention is being focused on developing forest management strategies but there is not as yet a complementary and comprehensive marketing strategy that would facilitate even the accomplishment of short-term silvicultural objectives, or the formation of effective woodlot owner organizations. In some ways, this is a chicken-and-egg dilemma and without effective woodlot owner organizations, the government may once again have to take the initiative. Once markets are established though, it is more likely that groups will form to supply them. To survive, any new groups will need solid reasons to form, and to secure independent financial support.

ONTARIO

INTRODUCTION

The Province of Ontario is over 90% forested, which amounts to about 80 million ha (197 million ac) of forest land. Over half of this area is considered productive. The mature forest is largely depleted but demand for primary forest products is increasing. Local shortages of larger diameter, high quality material and of select species are beginning to occur.

The forest industry is composed of 22 pulp and paper mills mainly in the northern part of the province, 53 sawmills producing over 12,000 m^3 per year, several hundred smaller sawmills, 13 particle board and waferboard mills, and 20 veneer and plywood plants. The total number of mills using roundwood is in excess of 800. The forests contribute $3 billion to the economy of Ontario, with forest products providing 2.3% of the gross provincial product. The forest industry generates 80,000 direct jobs and an estimated 80,000 indirect jobs.

Approximately 10% of the productive forest is privately owned, which amounts to over 18% of the total private forest land in Canada. Of the private forest land in Ontario, about 77% is in the form of small woodlots. These are concentrated mainly in the southern part of the province and are comprised primarily of hardwood species. Over the last 20 years the private lands, though representing only 10% of the productive forest, have produced up to 30% of Ontario's roundwood requirements.

There about 169,000 woodlot owners in Ontario, with the average holding being 20 ha (50 ac). The largest occupational group is farmers, representing 45% - the highest of any province. Owners' attitudes towards their woodlots tend to be indifferent[1]. This is reflected in the woodlot owner

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1. Smyth, J.H. and Nausedas, I.A., Rural Lands and Landowners of Ontario: A Private Land Forestry Perspective, Government of Canada and Province of Ontario, 1982.

organizations of Ontario; there remains only two small associations. Several other associations which were in existence, including a wood cooperative, have become inactive.

ORGANIZATIONS

Huronia Woodland Owners Association

This group was formed in 1972 in Simcoe County as a result of a meeting - initiated by provincial government staff - of local WIA agreement holders.[1] Its objectives include the promotion of forest management; education, information and provision of technical advice; encouragement of maple syrup and Christmas tree production; marketing assistance; representation of members' concerns; and the provision of a forum to exchange ideas. It is primarily an interest organization rather than a marketing organization, and consists of 178 members. Membership is open to woodlot owners, farmers, Christmas tree or maple syrup producers, or any other interested persons.

The association is run by a Board of Directors comprised of a president, a vice-president, a secretary, a treasurer and three other directors. There are two provincial forestry staff on the board of directors, one of whom acts as secretary. They undertake to ensure that members and directors are notified of meetings, and also provide support services such as mailouts, office services and coordination of activities. They have made a commitment to the association and it is candidly admitted that that is likely the only reason why the group is still active. Members, although interested, simply lack the time and resources to do what is necessary to maintain an active organization.

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1. The Woodlands Improvement Act (R.S.O. 1980, c. 535) enables the Ontario Ministry of Natural Resources to enter into long-term agreements (WIA agreements) with woodlot owners to provide forest management services.

The sole source of funds for the group is a $5.00 annual membership fee. An unsuccessful attempt was once made to obtain a grant with which to hire a forester and a marketing agent, but now the group prefers to remain as it is, primarily educational and serving local needs only. The services it provides to its members include field trips; meetings and tours; market information; forestry education; liaison with provincial forestry staff; and local representation.

Others

The Haliburton Forest Owners Association Incorporated is a small association comprised of 17 members who own a total of 60,000 ha (150,000 ac) of woodland. Although primarily formed to promote the recreational use of members' lands, objectives also include promotion of forest management; education and information; acting as marketing agent for its members; provision of forest management assistance; and utilization of government programs to expand forestry services outside of its own membership. This group is only recently formed and may expand to include provision of marketing and silvicultural services.

The Ontario Forestry Association, an affiliate of the Canadian Forestry Association, has as its objectives the promotion of sound land use, and the full development, protection and utilization of Ontario's forest resources for maximum public advantage. It is not a true woodlot owner organization, but since the majority of its almost 1,200 members are woodlot owners it is the largest organization in Ontario that is interested in woodlot management. The Association represents all forestry interests in Ontario and also has members from the government and forest industry sectors. Therefore, although it is often seen as representing woodlot owners' concerns, it must also take care to maintain middle-of-the-road perspectives on many issues. It is funded from annual dues, donations, special projects, and an annual operating grant from the provincial government. Staff consists of a full-time executive vice-president, an office clerk, and part-time staff as needs arise or funds permit. Services provided focus primarily on general forestry education and awareness such as fire prevention programs, school programs, and woodlot owner awards, but also include representing members' concerns by presenting positions on forestry issues to government. With regard to future development, the Association has expressed interest in serving as an umbrella group for regional woodlot owner groups if any were to develop.

Conservation Authorities, formed by groups of municipalities within a watershed area to promote conservation programs, may also provide limited services to woodlot owners such as advice on tree planting.

Woodlot owner organizations which existed in the past but are no longer active include two small interest-only associations, and one cooperative. The latter was involved primarily in marketing, supplying wood to two pulp and paper mills. These groups became inactive mainly as a result of lack of interest and inadequate funding.

DISCUSSION

What is remarkable about Ontario is that with the greatest number of woodlot owners of all the provinces, it has been the least successful in forming woodlot owner organizations. Perhaps at least one of the reasons for this is that the provincial government provides numerous services and programs for interested woodlot owners that have adequately served their needs.

Government's objectives in forestry are to improve the quality and increase the quantity of wood fiber in order to sustain the existing forest industry; to improve and increase wood utilization; economic development and employment; and to enhance forest-related areas such as landscape protection and recreation. Woodlots are seen as playing a continuing significant role in supplying wood to wood-using industries, and therefore to the economic development of the province, particularly in rural areas.

Private land forestry services provided by the provincial government include:

1. Information and education through field trips, tours and meetings;

2. Forestry advisory services such as inspections and technical advice; planting and woodlot management plans; a tree marking service for improvement or harvest cuts; and assistance in marketing wood;

3. Woodlands Improvement Act (WIA) assistance whereby the woodlot owner signs a fifteen-year agreement under which the government provides free management services such as planting, inspections, tree marking, wood marketing assistance, and improvement cuttings, in return for a commitment to better forest management and protection of the woodlot;

4. Advisory Services Agreements for first-time clients or owners whose WIA agreement has expired. The agreements provide for management plans and technical advice;

5. The Managed Forest Tax Reduction Program, which provides for property tax rebates of 60% for forests under management or forests which meet certain size, species and density requirements, and

6. A windbreak planting program.

Of these programs, the WIA is the largest, with the majority of the agreements in the southern part of the province. As of 1982, approximately 8,600 WIA agreements had been signed covering up to 146,000 ha (365,000 ac)[1]. Approximately 500 new WIA agreements are signed each year. There is no lien on the property, and if it is sold, the new owner may continue the agreement. Accounting for old agreements expiring and new ones being added, there are now about 10,000 WIA agreements in operation.

In providing these programs, the government has taken a leadership role and provides regular and continuing advice to woodlot owners. One of the most valuable and popular of the services provided is that of tree marking whereby trees are marked to be harvested or left standing. Following this, the government will advertise the marked trees for sale and provides a list of buyers to the owners. It is felt that this service has an important effect on increasing the quality of harvest operations. Over the years, a relationship of trust has built up between the government and woodlot owners, and there seems to be general satisfaction with the services provided. However, as with many provinces, most woodlot owners are not aware of the many programs available. This is largely because the government does not advertise them due to insufficient funds, and because there is not enough staff to meet demands.

Although popular and effective, the programs delivered by provincial forestry staff have reached only a small percentage of woodlot owners (in the order of 10%). As a result, there seems to be a trend developing away from the one-on-one services provided by the government, towards privatizing the delivery of programs through regional

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1. Province of Ontario, Private Land Forests: A Public Resource, Ministry of Natural Resources, 1982.

woodlot owner organizations. This approach has been supported by the Ontario Forestry Association, and the current Federal/Provincial Forest Development Agreement[1] provides funds for the establishment and initial support of regional landowner associations for this purpose. Implementation has been delayed pending an examination of various policy options. Those pleased with the status quo have expressed concern that the quality of services may decline if this change were to take place. This may be unwarranted. With proper safeguards, quality can be maintained, and it is believed that privatizing delivery of services may reach a higher proportion of woodlot owners. However, this latter belief is not supported by experience in other provinces where some forms of privatization, though popular, do not succeed in reaching a majority of woodlot owners. This does not mean that privatization cannot succeed with strong local support and adequate funding, only that it may not be any more efficient or effective than current methods of delivery.

At least one hazard facing privatization is that woodlot owner groups have not for the most part been successful in Ontario. Reasons for this may include reliance on government; low percentage of owner's income derived from woodlots; relative satisfaction with wood prices and market stability; the competitive type of market - that of many buyers and many sellers - which exists in the southern part of the province where most woodlot owners live; and the lack of any substantive issue around which to organize. In the northern part of the province, where forestry is more economically important, the situation more closely resembles that of other provinces where there are few buyers (pulp mills) and many sellers (approximately 800,000 ha (2,000,000 ac) of woodlots) but even here, there are no woodlot owner organizations and no real pressures to organize. Without strong economic reasons for existing, an association tends to run out of new ideas and needs some impetus to keep it going, such as that provided by provincial staff involvement in the Huronia Association. Wood marketing boards are provided for under the Farm Products Marketing Act[1] but it is questionable whether there is enough of a need for this type of organization.

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[1] Canada-Ontario Forest Resource Development Agreement, Government of Canada, Province of Ontario, 1985.

Nonetheless, markets have been identified as being a major concern of woodlot owners. Awareness of existing markets is low, and owners have little means by which to influence price or market stability. Although provincial staff provides some marketing assistance, actual sales are negotiated between individual buyers and sellers. It is felt that in some areas, woodlots are being overcut while in others, they are producing below their potential. Markets are particularly poor for low quality material, including by-products of silvicultural activities such as thinnings.

The provincial government is investigating moving away from its one-on-one approach because of government cutbacks and a resulting inability to meet demands and needs for services. There appears to be a clear trend towards promotion of self-help groups for woodlot owners that are somehow tied to marketing and which will receive initial government support. There is little interest or desire in forming marketing boards, making small local wood co-ops a possible alternative. Since such a large proportion of woodlot owners are farmers, attempts are also being made to

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[1] R.S.O. 1980 c. 158.

GENERAL DISCUSSION

PROVINCIAL COMPARISONS

Each province under consideration is facing wood-supply problems. In every case, woodlot forests are a significant source of wood and economic opportunity, and warrant a high level of activity and concern. To better understand the preceding material, some brief comparisons between the provinces would be helpful.

Marketing

Marketing of wood from woodlots is organized to varying extents in Quebec, New Brunswick and Nova Scotia. Marketing has evolved to the greater extent in Quebec where most of the marketing boards are exclusive sales agents for pulpwood, and many have strong quota systems for regulating wood deliveries. In New Brunswick and in Quebec the marketing boards have the exclusive right to negotiate terms of sale which apply to all private wood producers, but technically do not have exclusive rights to sell the wood. In practice, however, most marketing boards are the only sellers in their areas. For example, a mill in New Brunswick is free to purchase wood from woodlots outside the marketing board contract, but this does not frequently occur.

In New Brunswick, most marketing boards are also involved in the marketing of sawlogs to larger mills whereas in Quebec, most marketing boards are involved only in pulp marketing. However, some of the Quebec boards are becoming involved or interested in sawlog marketing.

In Nova Scotia, the bargaining agents for private producers are involved only in pulpwood marketing. They have exclusive authority to negotiate terms of sale, but do not have exclusive rights to sell wood to purchasers.

In New Brunswick and Quebec, the marketing boards are voted in place by woodlot owners but apply only to reach this segment through existing agricultural organizations by promoting forestry as an additional income opportunity. This approach is termed "agro-forestry".

Economic activity in forestry promises to increase in Ontario as the large middle-aged classes of the forest mature. Resulting increases in market pressure combined with the trend to privatizing delivery of subsidized forestry services suggests that there soon will be woodlot owner organizations in Ontario of one form or another.

producers. In other words, a marketing board has no jurisdiction over woodlot owners until the owner produces wood. In Nova Scotia, bargaining agents are voted into existence by wood producers, with woodlot owners excluded from voting entirely.

In New Brunswick, relations between the marketing boards and the forest industry are regulated by the Forest Products Commission in virtually every aspect from the dates negotiations must take place to the composition of the negotiating teams. In Quebec and Nova Scotia, these matters are left to be determined by the parties themselves, with the supervisory agency (in Quebec, the Regie, in Nova Scotia, the Primary Forest Products Marketing Board) essentially only becoming involved if the parties cannot reach agreement. Certainly the latter approach requires less time and resources on the part of the supervisory agency. However the former approach may have been necessary to encourage a reluctant industry to deal with the marketing boards on an equal footing.

In Quebec, the Regie deals with all matters affecting all marketing boards formed under the Farm Products Marketing Act. The Regie and the Act are administered by the Provincial Agriculture Department. In Nova Scotia, there is specific legislation aimed at marketing of private wood, with an agency created specifically to supervise it. They are both administered by the Department of Lands and Forests. In New Brunswick, on the other hand, the marketing boards are formed under the Farm Products Marketing Act, administered by the Provincial Agriculture Department, yet are supervised by an agency created under the Forest Products Act which is administered by the Department of Natural Resources and Energy. There is some effort, supported by the provincial government and the forest industry but opposed by the marketing boards, to write a new Act to be administered by the Department of Natural

Resources and Energy and which would cover all aspects of marketing wood from woodlots. The supporters of this effort feel it would result in more administrative efficiency, while the marketing boards are relatively happy with the status quo and fear that rewriting the legislation may result in its weakening.

Marketing of wood from woodlots is relatively stable in New Brunswick and Quebec, and quite unstable in Nova Scotia. There is wide variation in prices between these provinces, the highest being Quebec and the lowest in Nova Scotia.

Woodlot Management

In Quebec and Nova Scotia, publicly funded woodlot management programs are available to woodlot owners both through a group venture, or individually. In Nova Scotia, the individual-program is administered by the Provincial Government while in Quebec it is administered at this time by the marketing boards. The group venture programs in both provinces is administered by the provincial government.

In New Brunswick, the programs are delivered through the marketing board structure, and in Ontario and Prince Edward Island by the provincial governments. Each province is examining various alternatives to the existing methods of program delivery.

Factors Influencing Success of Woodlot Owner Organizations[1]

Most importantly, an organization needs a strong reason to exist. Where strong reasons have not existed such as in Prince Edward Island, the provincial government has been able to create enough interest for woodlot owners to organize, but only for a short time. The strongest reasons are usually economic ones and revolve around marketing of wood. Organizations involved primarily in marketing seem to stand the best chance of success. Examples of these would be the marketing boards, and some group ventures or co-ops that are organized mainly to group properties for marketing purposes. Other group ventures have organized primarily to enable or to facilitate members to gain access to public funds for forest management services. This has resulted in many groups being formed, but which rely on continued public funding.

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[1] An organization can be successful from different points of view. For the purposes of this paper, a successful organization is one which is financially self-sufficient, and independent in terms of policy decisions.

Government support is another strong prerequisite for owners to organize, and for the organizations to succeed. Support might take the form of start-up funding; provision of a legislative basis to assure permanence, security of funding, and a basis for collective bargaining; or tacit support by simply not actively or passively preventing a group from forming. In New Brunswick, for example, the provincial government was at first ambivalent about the formation of wood marketing boards and initially offered little active support. But they did nothing to stop them either. Following the failure of one of the early marketing boards (the second one to form) a Commission was established to supervise further development, and direct funding was provided for the last boards to form.

Adequate funding is a critical factor. Membership dues, with some exceptions, tend to be insufficient to sustain an active group. Government funds can be erratic with numerous other problems. Market levies tend to be the most secure source of funds.

Organizations involved in marketing can expect resistance from the forest industry, particularly if the groups seek collective bargaining of wood prices. Strong bargaining legislation is therefore required. If the crown is a significant source of wood supply, limiting access to it can also effectively encourage a reluctant industry to deal with the woodlot owner organizations. Limited access to crown wood and crown stumpage rates reflecting fair market values can reduce the crown's influence as a competitor with the woodlot sector in supplying industry with wood.

Sufficient markets are required to provide woodlot owners with a market incentive pressure to organize. Otherwise, there are insufficient economic reasons to form groups. Any expectations of benefits from forest management, if a group was formed or encouraged to form for that reason, will be quickly dashed if woodlot products can not be sold, or if projects are delayed and money is lost. And once negative attitudes are created, they are more difficult to overcome.

There must be a significant number of both landowners and woodlots to make them important to industry and government. This requirement at least is present in each of the five provinces being considered here.

Lastly, and importantly, dedicated individuals and community support are needed. In some of the early organizations, the clergy played a strong and active role in their formation. In every case, one or several individuals can be found at the heart of the movement who simply refused to be deterred by the many obstacles in their path. Typically, determined perseverance has led to a grudging acceptance of the new groups by industry and/or government.

ISSUES

Marketing

Marketing concerns were raised as a key problem area in all five provinces, even Quebec and New Brunswick where the situation is relatively stable. The major problem is a surplus of low quality material and shortage of viable markets to absorb it. Problems are also experienced in marketing of normal production from woodlots in most provinces.

In many areas, lack of markets for difficult-to-sell low quality material is having a substantial impact on ability to do forest management work which produces marketable wood as a by-product. Balanced markets are therefore a prerequisite for achieving managed woodlots, and hold the potential to have the greatest impact on owners' attitudes to their woodlots.

Surprisingly, little attention has been focused on woodlot owners' marketing needs, even though much is focused on their forest management needs. Management strategies need complementary marketing strategies and future publicly funded programs should take this into account.

Priority Access to Markets

The presence of crown and industry forestry holdings may put woodlot owners in the position of having poor access to markets, thus becoming a residual seller. This has been identified as a major problem in Quebec, New Brunswick and Nova Scotia. The New Brunswick Government in the Crown Lands and Forests Act[1] identifies wood from woodlots as the primary source of wood supply for the forest industry, and the crown as the residual supplier after wood is obtained from all other sources. A policy is followed which limits industry access to crown wood pending an agreement being reached with the marketing boards, or the granting of arbitration. However, there is strong disagreement about how this policy of "primary supply" should be implemented. In each of the three provinces, the major concern is to eliminate the crown as a competitor and to guarantee a minimum access to markets for wood from woodlots.

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[1] S.N.B. 1980, c.C-38.1.

Artificially low prices for crown stumpage are believed to exert a downward pressure on private wood stumpage prices.

Forest Management

Who should administer publicly funded forestry management services on woodlots? In many ways it is irrelevant as long as it is done efficiently and effectively. However, woodlot owner organizations feel they have a strong stake in how services are delivered to the people they represent. This may result from both legitimate concern as well as a fear of loss of influence. Without detracting from their positive effects, the influx of government funds to the woodlot sector has caused deep divisions among and within woodlot owner organizations over their manner of delivery and operation. It has become a major issue in all five provinces under consideration.

CONCLUSIONS

Although this report is primarily intended to be descriptive, some conclusions are apparent:

- The activities of marketing and forest management need strong coordination. The two activities seem best handled by separate organizations that can devote full attention to their specific problems and operation. This does not preclude the two organizations from being a part of one another as is the forest management division of a marketing board. Indeed, this approach might be the best way to establish the necessary link between the two activities.

Woodlot owner organizations are valuable not only to woodlot owners, but also to government and the forest industry. They hold the potential to inform and educate the people they represent; they enable woodlot owners and producers to express their concerns and exert a degree of influence over the issues affecting them; they provide a mechanism which enables government and industry to deal with one organization rather than with several thousand individual woodlot owners; they provide various marketing and forestry services to woodlot owners; and they increase the availability of the woodlot resource to forest management and harvesting.

- Management strategies in Federal/Provincial Forestry Agreements would benefit from complementary marketing strategies.

- In the absence of woodlot owner organizations, objectives of other forest ownerships or agencies take priority.

- Effective and successful woodlot owner organizations tend to be involved in marketing.

- Marketing boards tend to be effective in increasing prices and stabilizing markets in spite of their inconsistent and incomplete control over those markets. Marketing boards have probably not reached their full potential in terms of representing and providing services to the woodlot sector.

- Group ventures are effective in providing a wide range of services to their members. Unfortunately, they currently reach only a small percentage of woodlot owners, and they may become prohibitively expensive if they are not able to achieve self-sufficiency. Limiting factors include the long-term commitment required by members, and insufficient funds for activities.[1]

- Many woodlot owners shy away from committing their entire woodlot or large portions of it to a long-term management plan, particularily if it entails liens on the property. The requirement of a long-term commitment therefore renders fewer properties available for management. The complaint was voiced that even if an entire property is committed to a management plan, it is not guaranteed that management services will be provided on all the areas that require it, or even that any will be provided at all. Perhaps a more sensible approach is that used in Prince Edward Island[1]: if work is actually carried out, the woodlot owner must agree to commit to forestry production only the area treated, for a minimum of 10 years. This may create the opportunity to get on the woodlot owner's property to convince him of the benefits of the full management plan without requiring him to jump right in with both feet.

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[1] Theoretically, a Group can reach all landowners within a service area if they have the desire. The Groups are not limited on the funds they can efficiently spend; government funding, however, is limited.

In conclusion, strong and independent woodlot owner organizations are indispensable to the future development of the woodlot resource.

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[1] This is also the case for the individual program under FRDA/FRA in Nova Scotia. In the Groups there is a necessity for a difference in order to allow the Group to manage the woodlot and to collect a management fee on products sold.

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